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# SOCIAL RESEARCH

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# ON THE MECHANISTIC APPROACH IN ECONOMICS

BY ADOLPH LOWE

FOR reasons that go back to the social and intellectual history of the era of Enlightenment, scientific economics developed in analogy to physics and astronomy, by applying the principles of classical mechanics. In spite of periodic attacks against these foundations, the main theoretical currents of economic thinking have to this day retained the characteristics of a "mechanistic" system. The failure of the opponents does not in itself prove, of course, that the dominant methodology is valid. The principal critics, the Historical, Romanticist, and Institutional schools, have confined themselves in the main to pointing out weaknesses in the classical and neoclassical approach, without offering any workable alternative in its place. The positive attempt to substitute for the traditional method a theory of games is still too recent to permit a final verdict. But a new methodological battle has now been joined, the outcome of which cannot be predicted.

The purpose of this essay is to demonstrate that, irrespective of the merits of any "non-mechanistic" approach to economic analysis, the traditional method retains its significance for understanding a competitive economic society. It does so, however, only if it is subjected to a process of refinement, for which recent advances, especially in the analytical treatment of expectations, have furnished the tools.

## I

What this amounts to concretely can best be shown if we start out from the basic hypothesis which underlies both classical mechanics and traditional economics. According to this hypothesis the state of any "whole" or "aggregate" can be derived from the calculable behavior of its particles. More specifically, any

mechanistic theory rests fundamentally on the following three propositions:

a) All qualitative structures can be regarded as the aggregate of elementary, homogeneous quantities.

b) These elementary quantities, far from behaving capriciously, conduct themselves as if they were exposed to well defined forces, notably the forces of push and pull.

c) Hence the movements of the particles become calculable, and can be formulated in general "laws" which permit us to determine the state of the aggregate.

Little argument is required to demonstrate that these propositions are indeed implied in any statement of conventional economic theory. Such theory adheres to the first proposition by focusing attention upon the exchangeability of the elementary particles (commodities and services), thus moving them into a dimension in which each unit becomes the equivalent of one or more units of some other particle. The function of the price system consists then in expressing the relative "weight" of the particles in homogeneous terms. And, with reference to the third proposition, it is equally clear that all we do in our theoretical deductions is to relate one state of the system to the preceding one by following up the "regular movements" of our particles, that is, quantities and prices.

But the really interesting proposition is the second, which claims to inform us about the path our particles follow when in motion. In order to determine the direction of these movements the mechanistic model in physics postulates that the basic quantities are acted upon by the forces of push and pull. In classical economics the analogy to this vector analysis is the manner in which the movements of quantities and prices are said to be ruled by the behavior of "economic men." Or, to express the same idea in more precise terms, buyers are directed to the cheapest, and sellers to the dearest markets.

This parallel between classical mechanics and classical economics can be extended even further. Classical economics

derives its behavior vector from the assumption of a universal motive force, the profit incentive. In an analogous manner the Principle of Least Action, or, in Leibniz' revealing terminology, the "Principe du Meilleur," is implied as an indispensable axiom in every non-statistical law of nature.<sup>1</sup>

To the extent to which a maximum-minimum calculation is indicated in this analogy, it is still valid for modern economics. As we all know, however, the classical vector principle and its underlying motivational hypothesis have since been repudiated. No doubt it is easier for us to understand why people in their market transactions would want to minimize money expenditures, and maximize money returns, than why "nature" should always choose the shortest possible path. But put forth as an empirical proposition of universal validity, the profit incentive rightly drew upon itself, from the early days of the Historical school, the critical fire of psychologists, sociologists, and anthropologists. And it is generally regarded as a great methodological progress that neoclassical theory has substituted for a maximum-minimum calculation, in terms of money or quantities of goods and services, the desire to maximize satisfaction or utility.

I shall not reopen here the general issue of the modern theory of value. What I shall argue is the proposition that the all-embracing nature of the standard of "subjective" returns makes it useless when it comes to stating propositions of more than tautological content. On the one hand, it can be shown that, in an autonomous market, the principle of subjective maximization leads to determinate results only in "spot" analysis, whereas process analysis cannot dispense with an objective standard of behavior. On the other hand, and for the reason just stated, modern theory has in practice always stuck to the classical principle of profit maximization, doing this explicitly in the study of the firm, and also doing it implicitly in the study of the household.

<sup>1</sup> See, for example, Max Planck, "Das Prinzip der kleinen Wirkung," in *Physikalische Rundblicke* (1922).

## II

I propose to vindicate this second objection first, since proof of the de facto acceptance of an objective standard of economic behavior will quite naturally lead to the core of the problem itself. Special references are hardly required to show that the profit principle in the classical sense dominates the modern theory of production. What is rather surprising is the unconcern with which this motive force is introduced into the analysis of the firm, as if the Historical and Institutional schools had never attacked its empirical validity, or the marginalist revolution of the last century had never reconstructed the theory of value.<sup>2</sup> In this connection it is truly remarkable that even Walras and Pareto saw no reason for coordinating their theories of production with the foundations of their respective theories of consumption, and took the profit principle simply for granted.<sup>3</sup>

Thus it seems only fair that we direct our attack against the strongest bastion of the enemy, the modern theory of the household. It is there that the utility principle has gained universal acceptance.

Allegedly the order of consumers' preferences can be established through the apparatus of indifference curves, on the basis of inductive study of the case at hand, without reference to any

<sup>2</sup> The enterprise "acquires factors and sells products; its aim is to maximize the difference between their value" (Hicks, *Value and Capital*, 1939, Chapter VI, Section 1). "Since entrepreneurs are motivated by the desire for profits . . ." (G. J. Stigler, *The Theory of Price*, 1946, p. 37). The "principle of the maximization of profits will guide us all through our discussion of the theory of the firm" (K. E. Boulding, *Economic Analysis*, 1948, p. 422).

<sup>3</sup> See L. Walras, *Éléments d'économie politique pure* (1926) Sections 188, 189, and V. Pareto, *Manuel d'économie politique* (1927) Chapter V, Sections 9, 10, where it is stated that although we can conceive of a great number of aims which an enterprise pursues, we obviously have to keep to those which reality supplies us with. He goes on: "Très fréquemment les entreprises cherchent à se procurer le plus grand avantage, et cet avantage est presque toujours, on pourrait même dire toujours, mesuré en argent. Les autres cas peuvent être considérés comme des exceptions." See, on the other hand, F. von Wieser, *Theorie der gesellschaftlichen Wirtschaft* (1924) Chapters 18, 19, and E. von Böhm-Bawerk, *Positive Theory of Capital* (1891) Book III, Section II, Chapter IV, where the attempt is made to base the "objective" standard of businessmen upon the "subjective" standard of ultimate consumers.

speculative assumptions. And yet we draw our individual indifference surfaces downward-sloping to the right and convex to the axes, and make the whole set of such surfaces ascend to the right. All three devices express the fact that our preferences vary directly with the size of the commodity sample available to us. We are supposed to prefer the larger to the smaller sample, and within a given sample we wish to be compensated for the loss of one unit of one good by the gain of progressively larger units of some other good. It is true, modern theory does not, in principle, deny the possibility of "kinks" in the curves, indicating concavity in certain sections and thus an increasing marginal rate of substitution. But Hicks, who started the Paretonian approach on its victory march in Anglo-American economics, has clearly pointed out (Chapters I and II of *Value and Capital*) the awkward consequences of this and other exceptions to the standard case. They make it impossible to establish an unequivocal "law of demand," that is, to predict buyers' behavior.

Hicks' argument is very significant indeed. It postulates a criterion for the usefulness of the indifference approach. Rather than to describe a vast number of conceivable, but possibly contradictory, cases of individual behavior, its purpose is the establishment of a universal law of demand. This aim inspired also Pareto, when he devised the whole apparatus, as it did the founders of the older marginal utility school. And the law to be established is, of course, depicted in the "normal" downward sloping demand curve, which embodies our objective maximum principle as applied to the act of buying: purchases varying inversely with price.

To yield this particular law of demand, however, the indifference map not only must exhibit the standard properties described above, but also must satisfy rather complicated conditions relating to the slopes of successive indifference curves. Otherwise higher prices will be associated with larger purchases, and conversely—the famous case of "inferior" goods.

When we proceed from demand analysis to supply analysis,



we find a multiplication of the number of possible exceptions to the "normal" law of supply embodied in an upward sloping (short-run) supply curve, and the cases in question become in practice very important. There the superposition of the income effect upon the "normal" substitution effect makes the response of the productive factors to different rewards quite unpredictable within wide limits. And if, contrary to the dogmatic stand of the conventional theory of production, we acknowledge the many other motivations which divert particular firms from the consistent pursuit of maximum profits, we cannot help asking by what tour de force economic theorists succeed in eliminating upward sloping demand curves and downward sloping (short-run) supply curves from the body of their economic laws.

As a matter of fact, no one but Hicks has tried to justify this procedure, and even his apology refers to a much more limited context (*Value and Capital*, pp. 20-24). When discussing the principle of a diminishing marginal rate of substitution, he recognizes the possibility of empirical exceptions to it and yet saves its validity by transforming it from an empirical generalization into a postulate. We need the principle, he says, because without it we cannot deduce laws of market conduct. So let us introduce it as an assumption, though "this assumption may be wrong"—by which is meant, in certain cases contrary to experience. Our theory is then not able to cover the whole of reality. But its propositions and the predictions derived from it are, at least, determinate.

I fully associate myself with Hicks' interpretation of the "laws of market conduct," and propose to extend it to all the other properties of a "normal" indifference map, as referred to above. I thus rule out complementarity distortions, disturbing income effects on the demand side as well as on the supply side, and all cases of indeterminacy. Furthermore, though I cannot go so far as to state that entrepreneurs are always and exclusively motivated by the desire for profits, I shall in the subsequent investigations treat them as if they were. And I say, with Hicks, that I do all this because otherwise our theoretical apparatus would break down.



But after having gone that far I contend that exactness alone is not a satisfactory criterion for selecting the axioms of an empirical science like economics. At this point I propose to dig a little deeper than Hicks was prepared to. He was fascinated by the "remarkable way" in which "pure economics" succeeds in "producing rabbits out of a hat—apparently a priori propositions which apparently refer to reality."<sup>4</sup> Against such belief in magic I maintain that a methodological postulate can help us in systematizing our experience only if the substance of the postulate has, in spite of all possible exceptions, a basic empirical validity. In other words, the scientific function of the principle of profit maximization in organizing our economic thinking has to be derived from a prior empirical function it fulfils in organizing the economic process itself.

## III

This leads us back to our main proposition, that no purely subjective maximum principle can explain the process of an autonomous market.<sup>5</sup> To demonstrate this we need only draw the conclusion for a market process from what was said above about the form of "law-abiding" individual demand and supply functions. And for this it will prove useful to start out from the Walrasian equations of exchange.

Today there is general agreement that these equations, while defining the equilibrium of the market, cannot, alone, tell us anything about the adjustment processes through which equilibrium is attained. As has been well formulated,<sup>6</sup> knowledge of the equilibrium price has to precede the act of exchange, if the equilibrium position is to be derived from the individual utility functions,

<sup>4</sup> See Hicks, *op. cit.*, p. 23. Also Arthur Schweitzer, "The Foundations of Pure Economics," in *University of Wyoming Publications*, vol. 9 (1942) pp. 33-52.

<sup>5</sup> Some of the underlying problems, though not the solution to be submitted here, have been stated by F. A. von Hayek in "Economics and Knowledge," in *Economica* (1937) pp. 33-54. A brief presentation of problem and solution is contained in Chapters III and IV of my *Economics and Sociology* (1935).

<sup>6</sup> See N. Kaldor, "Note on the Determinateness of Equilibrium," in *Review of Economic Studies* (1934) pp. 126-28.

that is, from the unconstrained preferences of buyers and sellers, as well as from the initial level and distribution of income. The methodological trick which makes plausible such an instantaneous establishment of equilibrium is a succession of what Walras called "prix criés" until the equilibrium price is hit upon, or Edgeworth's assumption of recontracting.

It has often been pointed out that these spot analyses offer little help for understanding the "plural-will" order in real markets. Nevertheless, the underlying idea that it should somehow be feasible to derive equilibrium from given "tastes and obstacles," without regard for any "path," is not without meaning. It is fully applicable to "one-will" economies. This is obvious for the isolated individual, who in every period determines his optimum position on the basis of his present tastes and obstacles—provided always that these data themselves are not affected by his previous decisions. But it is also true for a system of centralized collectivism, a case which is not only more important for practice but also more revealing for theory.<sup>7</sup>

It is the essence of such a system that the legitimate wants of the group, the stock of means allocated to their satisfaction, and the technique of utilizing the available means, are periodically established by the "one will" of some planning authority from which alone economic decisions emanate.<sup>8</sup> These decisions, in perfect analogy to the establishment of equilibrium under a regime of recontracting, precede the actual process of production and distribution. All further decisions that have to be made during this latter process are of an exclusively technical and administrative nature. The executing organs operate under command, and have no freedom for any independent decisions on ends or on the allo-

<sup>7</sup> The remainder of this section restates, in I hope improved fashion, certain ideas that I first presented in an article on "A Reconsideration of the Law of Supply and Demand," in *Social Research* (1942).

<sup>8</sup> I speak here of the pure counterpart of a free-exchange economy, that is, of fully centralized collectivism. Whether in such a system the decision, as laid down in an authoritarian scale of preference, coincides with the scales of preference of the group members, is a problem in itself. But it is political, and must certainly not be confounded with the question of who is in charge of economic decisions.

cation of means. The processes by which "provision" is actually achieved are therefore "technical" rather than "economic." Themselves devoid of economic decisions in the proper sense, they fill the interval between two such decisions. And because they refer to different periods of provision, successive economic decisions are, on principle, independent of one another.

If we disregard error, the choices made by the planning authority for any one period are as consistent as those of an isolated individual: in both cases they spring from the order of one scale of preferences. In the same manner they may vary arbitrarily from period to period, always of course within the constraint of the available means. But in each period we can well speak of an equilibrium which is based on the initial tastes and obstacles as these are established by the planning authority, and which is "instantaneously" transmitted into the reality of a state of provision by administrative command. And if a theoretical observer is informed of the initial data, he can derive from them in the Walrasian manner the final position of the system, provided that neither error nor sabotage prevents the proper "fulfilment" of the plan.

These characteristics of "one-will" systems have been outlined in order to highlight a distinguishing feature essential in any free-exchange economy. There, because of the "plural-will" nature of the market, it is only by accident that the set of initial choices is identical with the one which corresponds to a Walrasian equilibrium. Whenever some of the simultaneous but independent choices of buyers and sellers prove incompatible with the rest of the data, a process of readjustment has to occur before there can be an equilibrium of provision equivalent to that which the planning authority establishes by command. But whereas the system of actual taste satisfaction can be read in the original choices of the planners, the initial choices of the bargaining partners express only part, if any, of the choices that are consummated in the final state of equilibrium. In other words, to predict the equilibrium set of prices and quantities in the market, we have to know more than the initial value functions of consumers and retailers, with which

the exchange process may be assumed to start. We must be able to infer how these primary partners in exchange react to the fact that at least some elements in the initial constellation are incompatible. Moreover, we have to know the manner in which the reaction of the primary partners affects the choices of the secondary, tertiary, etc. partners in the wholesale, manufacturing, raw-material, labor, capital, etc. markets, as well as the effects which these more distant partners exert on one another's and the primary partners' choices.

Quite clearly the "process" presupposed in the sequence of events determining even a single act of provision in the market—say the purchase of a hat—is different from that underlying the actions through which planning materializes, and is economically more significant. In the latter case, as we have seen, the actual process of provision is a purely technical one, in which no decisions on ends or on the allocation of means have to be made. Contrariwise in a free-exchange economy, provision consists in a sequence of many spontaneous decisions, each of which is concerned with the balancing of ends and means. From the technical point of view, provision extends there over the whole period, over the complete chain of actions required for suppliers to respond to, or to anticipate, consumers' demand. From the economic point of view this technical period is divided into subperiods, each dominated by one decision on how to balance ends and means, and all together forming an economic process in the proper sense.

But the continuity of such an economic process, and therefore provision itself, is assured only if the constituent choices interlock. And by no means may we take for granted a concatenation of these spontaneous decisions. There is no inherent necessity, logical or psychological, for any individual's choice to include adequate consideration for the choices of his exchange partners. Therefore my decision to acquire a hat in the market is not in itself sufficient to induce appropriate action from others, even if I possess purchasing power. They are all free to refuse to sell, for whatever reason, as are the owners of the productive factors necessary to make a

hat. Under collectivist planning it is administrative command which guarantees the interlocking of the acts of provision. In the free market there is no "one will" which could take responsibility for provision. There it falls to "internalized command," operating through the prevailing social psychology, to achieve what external command accomplishes under collectivism. A definite stimulus-response relationship has to create a pattern of market behavior to which the participants spontaneously adhere.

No such relationship, and therefore no calculable pattern of behavior, can be based on the utility principle. The reason is that this principle is always satisfied for any member of the market, whether he prefers gain or sacrifice or is indifferent to both, or shifts from day to day between all three attitudes. Therefore all that an observer, or, more important, a participant in exchange, can infer from such a motive force is the fact that a greater demand corresponds to a higher or a lower or a constant price, the quantity of supply being larger, smaller, or unchanged. To illustrate the effect of a purely subjective standard, let us make the extreme assumption that both buyers' preferences and sellers' incentives become less and less influenced by money considerations, and give way to all sorts of personal, national, racial, and other discriminations. In the course of this development even physically homogeneous goods and equal money offers will lose their economic equality and interchangeability. In the end the market will consist of a number of bilateral monopolies, with the full range of indeterminateness which characterizes such a constellation. The process of provision has ceased to function, though the bargaining monopolists still manifest their choices in their individual demand and supply schedules and, as we can conclude from their actions, still maximize their subjective satisfactions.

It might be said that this example, in spite of its exaggerations, reproduces some real features of the modern market. In view of the role that "inertia" seems to play in retail trading or in the location of industry or, above all, in the application of the marginal-cost rule, does this limiting case not conform to reality better

than a model based on the universal operation of the profit principle? In answering this question it will be possible to define precisely the "postulative" nature of that principle.

We can look at profit maximization, first of all, from the point of view of *one* individual and his special circumstances. Under this aspect the principle gains importance, both as a norm and as the accepted rule of conduct, in proportion to the degree of scarcity which confronts the person in question. We have to realize, of course, that in a free-market system scarcity has two causes. One is the "stinginess of nature," with which all economic systems have to contend. The other is indigenous to a market economy, and arises from its social organization. It is bound up with the "isolation" of the individual, which follows from division of labor and exchange, and which places him at the mercy of his exchange partners no less than of his natural environment. Under such conditions his wellbeing depends on successful bargaining as much as on housekeeping with his means. Therefore wherever the supply of material resources and the skill in utilizing them are poor, maximization of objective net returns is a condition for survival. The individual finds himself in a kind of Hobbesian state of nature, with the modification that men have agreed to bargain rather than to fight.

This is certainly another limiting case, as extreme as, though opposite to, our previous example. And it too does not lack realistic significance, even for today. It isolates a complex of forces which, though hardly ever at work alone, have always influenced individual behavior to the extent to which means have been regarded as scarce in relation to ends. It is true that profit maximization can, and does, combine with other aims in the formation of our choices, as soon as we rise above the bare level of subsistence, and whenever social solidarity supplements our individual performance. But "waste avoidance"<sup>9</sup> is bound to remain one of our purposes, so long as the state of absolute plenty has not been

<sup>9</sup> See F. H. Knight, "'What is Truth' in Economics?," in *Journal of Political Economy* (1940) p. 26.



attained. With improvement of technology and social organization we may permit ourselves a widening range of extravagance, in the sense of not bothering about pennies and dollars. But even in this "state of relaxation" the profit principle retains its value. Though no longer the sole guide to action, it tells us what extravagance costs in terms of tangible alternatives. Still it remains true that we can then no longer determine in advance any individual's concrete choice, but only the upper and the lower limits of his extravagance. The area between these limits marks the range of potential freedom of the individual from the "postulate" of profit maximization.

But—and here we have the crucial point—this area of potential individual freedom is by no means identical with the range of the system's tolerance for deviations from a standardized pattern of market behavior. Though any degree of inertia and fickleness may be compatible with a particular individual's state of provision, the ensuing behavior threatens the adequate provision of others whenever it interrupts the chain of technically interrelated choices. As a macro system the autonomous market is fortunately not disrupted by occasional breaches of the prevailing rule of conduct. But it will cease to function as an economic organization long before the exceptions have become the rule.<sup>10</sup>

In this narrower sense, as the clue to the signal code of the market, the profit principle remains a postulate of bargaining behavior, even if to the acting individual it means no more than a check on his bookkeeping. And the function of this postulate is, first of all, empirical, inasmuch as it formulates a working condi-

<sup>10</sup> This is tantamount to saying that the market cannot fulfil its task of provision unless a specific kind of "uncertainty," concerning other marketers' reaction to my behavior, is kept within narrow limits. The same idea can be expressed by stating that profit maximization is not only a postulate for my own actions, but is contained in the expectations which I normally form of other people's market behavior. Customarily, as we shall presently see, the terms "uncertainty" and "expectation" are reserved in modern theory for the attitude a marketer takes to specific events rather than to the general rules of the market game, and I shall adhere to the prevailing usage. But this does not alter the fact that the market can function only if the profit principle does in fact inspire, and is assumed by the participants to inspire, the actions of the majority.

tion for every autonomous market process. As such the profit principle neither *describes* the actual motivation by which an individual member takes his bearings in a given situation, nor *predicts* his future motivations. It *prescribes* what his basic motivation in bargaining should be, if his choices are to be links in an autonomous process of provision. And since thus the real market process itself cannot dispense with a standard of average behavior, it is not surprising that the theory of the market process is in equal need of it. This is the methodological function of our postulate.

In recognizing that a free market is kept in motion by nothing else than free choices, modern theory is much superior to the classical speculations on price-determining "value substances." It is also right in repudiating the classical interpretation of the profit principle as an innate propensity. But in substituting for it the utility principle, it has enthroned another propensity of such comprehensiveness that any proposition based upon it is reduced to an empty tautology. In particular, both its individualistic and its purely subjectivistic approach have deprived modern theory of any criterion by which a pattern of interlocking choices can be distinguished from a sum of random choices. Such a criterion has to be objective, and it can be found only in the supra-individual function which attaches to otherwise individual decisions.

Even if all this be granted, it is still necessary to show why the profit principle is the only objective standard of maximization capable of creating consistent market behavior. In answering this question it must be emphasized that the number of possible alternatives is drastically restricted by the nature of the economic act. As was said before, in the economic dimension of the market the multivarious qualities of goods and services are transformed into different agglomerates of homogeneous "value atoms." This reduces all relevant decisions to choices of "more or less," and thus the possible number of objective maximum principles to two. In other words, there is only one more form, besides the conventional one, in which we can lay out consistent indifference maps: we can draw our indifference surfaces concave to the origin



and ascending toward it. In this way we express a universal preference for the smaller rather than the larger sample or, as we might interpret this, for the maximization of sacrifice. We have then replaced the world of business by a community of saints.

It is obvious that the "charity principle," as we may call it, is much less descriptive of reality than the profit principle. But in the present context we are interested in its postulative rather than its empirical significance. And there cannot be any doubt that interlocking of choices can be achieved through maximization of sacrifice as effectively as through maximization of gain. What alone is incompatible with a functioning market is arbitrary jumps between the two types of indifference maps. We might formally describe the empirical exceptions to the profit principle in this manner, though substantially our psychological interpretation should in most cases be in terms of gain and inertia rather than of gain and sacrifice.

## IV

We have so far confined our attention to individual choices between simultaneous alternatives within a given framework of data, and to the concatenation of such choices on the part of technically related marketers. We may now extend our analysis to changes in the data. In other words, after having studied the particular *shape* of demand and supply schedules as required for continuous provision, we shall now examine the direction which *shifts* in these schedules have to take if provision is to be maintained or restored.

The principle of profit maximization has revealed itself as a necessary condition for the very existence of adequate choice patterns. The same principle is a fortiori indispensable when calculable adjustments to data changes are at stake. Though the distinction between "moving along" on one demand curve and "shifting" from a point on one demand curve to a point on another is impressed upon every freshman, the two problems are intimately related in regard to the motivational aspect. If we cannot know

without an objective maximum principle whether demand and price, or supply and price, are positively or negatively correlated, we certainly need such a guide if we want to know how a larger demand or a larger supply can be elicited. It is actually under conditions of change that a calculable stimulus-response relationship displays its full power in the service of provision.

This can be demonstrated on the basis of a contrary hypothesis which has recently been established by Boulding.<sup>11</sup> His concept of a "homeostasis" of a firm's balance sheet amounts to postulating that what a firm strives for may be maintenance rather than maximization of the total value of assets. If generally aspired to, such an aim can well bring about an equilibrium position of the market, and thus operate as a systematically fitting pattern of behavior. With reference to wage bargaining, he finds many more types of conceivable aims, each of which can establish market equilibrium if it is generally adopted as a motivational principle.

Obviously this proposition contains a fundamental attack upon the very idea of a maximum principle, objective or subjective, and I shall have to account for the fact that I have not referred to it before. The salient point can be brought out by examining the "homeostasis" principle more closely.

Not only is this principle widely applied by "mature" firms in modern capitalism, but also it can serve as clue to the explanation of an important type of historical market organization: the mediaeval local market. During the heyday of the Middle Ages the aim of at least the ideal type of guild master was indeed attainment and maintenance of a customary standard, rather than unlimited pursuit of profit. This aim was achieved by the seller keeping the quantity of supply and the sales price within strict limits. It so happened that these limitations were imposed by a "planning authority," the guild system, supported by canon law. True, we can imagine that this prevailing pattern of behavior might be adopted spontaneously. But the consequences hardly seem conducive to provision.

<sup>11</sup> See *A Reconstruction of Economics* (1950) Chapter 2.

First, there is no incentive ever to introduce cost-reducing improvements, and thus the state of technology is frozen once and for all. Second, and really damaging to the equilibrium of the market, no increase in the quantity demanded of a particular good over the level originally established will be answered by a corresponding increase in the quantity supplied. Sellers aiming at keeping their net returns constant will see no reason even to raise prices. It is true that in some other section of the market a smaller quantity than originally may now be demanded, reducing the returns of some sellers there below the conventional level. Were these sellers to move into the favored section, a new equilibrium might be attained. But in the absence of a price rise the characteristic signal is lacking which, under the rule of a maximum principle, brings sellers' behavior in agreement with buyers' requests. To express the same idea in positive terms: under the rule of the homeostasis principle not only have sellers to be contented with a customary return, but buyers must not vary either the quantity or the nature of their purchases.

Actually, the mediaeval market was intermediate between such an extreme "constancy of data" and the capitalist market. It was subject to change, both in the employment of productive factors and in the technique of production. But the homeostasis principle could work even under conditions of change, because the changes were small and planned. On the one hand, demand, at least domestic demand, was restrained by customary taste. On the other hand, the regulations of the guild system circumscribed the changes in employment and technology and thus brought about planned adjustment of the quantity and quality of output. And wherever the homeostasis principle is applicable in the modern market we find conditions that systematically resemble the guild organization. They fall in the category of restricted competition—as for example when mature firms hold such a dominant position that they need not worry about the behavior of their competitors, or when traditionalism of one sort or another prevails on both sides of the bargain.

The general conclusions are obvious. If we exclude change, endogenous or exogenous, the operation of the market can indeed be entrusted to any consistent principle of action, maximizing or other. So long, then, as our demand and supply curves intersect at all, we are exclusively interested in the point of intersection, and do not otherwise care about the slopes of our curves. We are back to the Walrasian spot analysis, in which equilibrium of aggregate provision was once achieved by some "trick," and is now maintained through constancy of data, including the principle of action. For such spot analyses, which are concerned neither with the path through which the original equilibrium was established, nor with the behavior pattern which protects it from dislocation, no maximum principle is required. But if we admit the slightest deviation from the equilibrium position, only chance can restore that position—unless a maximum principle, and as we know now, an objective maximum principle, serves as guide. The possibility of such dislocations was always implied when we examined above the systematically required shape of demand and supply functions, even though we were not at that point interested in tracing any path of adjustment. Or, to use the language of modern stability analysis, certain dynamic considerations underlie the propositions outlined above on the comparative statics of provision. The fact that the homeostasis principle cannot establish any such "correspondence" (Samuelson) makes it inapplicable to any kind of process analysis, including even that of a genuine stationary process.

Thus there can be no doubt about the decisive role which the profit principle plays in the analysis of change processes. But this must not blind us to the fact that the role is not the same as in the establishment of choice patterns. For the latter purpose the profit principle is not only a necessary but also a sufficient condition. This is no longer true when it comes to determining adjustment paths. There we have to realize that the aim of maximizing profits induces quite different modes of conduct according to the "structure" of the market in which it asserts itself.

In rehabilitating the profit principle we have reverted to the classical concept of the economic mechanism. In now relating the effect of this universal motive force upon behavior to specific and variable conditions, we shall transcend the narrow limits of the classical model. By this procedure it is hoped that, while staying within the realm where calculable factors rule, we can establish a vector for market behavior which is flexible enough to guide us through the complexities of dynamic processes. But to do so, we have first to broaden our view of the psychological elements that influence economic action.

## V

Here we must part company with our classical ancestors. None of them even saw a problem when it came to deriving from the profit principle an unambiguous and universal rule for adjustment to data changes. This rule found its generally accepted formulation in the so-called law of supply and demand, from which are deduced all other dynamic generalizations of classical and, incidentally, postclassical economics. But there are at least two reasons which should make us ponder before we base any predictions upon this "law."

One refers to the fact that the empirical validity of the law seems to be honored rather in the breach than in the observance. This is particularly true of that proposition according to which a rise in prices is followed by an increase in the quantity supplied and a decrease in the quantity demanded, and conversely. A statistical inquiry covering the past hundred years would probably show that, over long stretches of time, rising prices were followed by a rise in the quantity demanded and a slowing down of the quantity supplied, whereas falling prices had the reverse effect. I refer, of course, to the behavior that characterizes the ups and downs of the business cycle. But what else than a sequence of business cycles does an empirical study of capitalism reveal?

The second reason, and this is the decisive point in our context, is that it would be very difficult to prove that behavior counter-

acting the law of supply and demand always violates the profit principle. The "irregularities" we are dealing with here are quite different from the exceptions to profit maximization discussed above—for example, those due to the income effect or to inertia in competition. In these latter cases, indeed, a goal other than the pecuniary optimum is chosen. But this cannot by any means be said of a buyer who increases his purchases in answer to a rise in price, or of a seller who reacts to a fall in price by expanding his supply. In both cases the verdict depends upon the time span which the actor takes into account in making his economic dispositions. What appears as a "loss preference" if applied to the short run, may well prove in the long run to be the choice of the lesser evil, and thus of the maximum gain attainable in the circumstances.

Obviously in all the cases considered, an additional psychological determinant of market behavior is involved, which has now to be made explicit. Whereas the profit motive has a clearly "purposive" content, expressing the economic "will," what we are going to examine now belongs to the realm of "cognition." We can denote it in a general way as "diagnosis of the concrete situation," which the market participant, who is called upon to act, tries to formulate beforehand. Such diagnosis starts from the present, includes relevant stretches of the past, and extends to what can be guessed about the future. It has by its very nature a time dimension which relates it to processes.

As far as its substance is concerned, diagnosis refers to two separate layers of knowledge. One consists of general experience based on past economic events, on the reaction to such events on the part of the diagnosing subjects or others known to him, and on the result of such reactions as judged by the purposive standard. The other refers to specific experiences bearing on the concrete situation which has now to be dealt with. We may distinguish these two layers as "experience" and "information." Information is not, of course, confined to knowledge of the past. It includes what is known about the present constellation of the market,



and may even extend into the future, when some consequences of today's investment, for example, can be foreseen with certainty. Of course, only a small sector of the future can be known as definite information. Our notions of the future are mostly shrouded in a veil of uncertainty, which grows denser with the time distance of the event about which we speculate. But it is always the future toward which the behavior and therefore also the cognitive acts of the diagnosing subject are directed, and he uses even those parts of information which refer to past and present, and also his general experience, in the service of lighting up the future.

It is upon this compound of experience and information that a marketer forms more or less vague guesses which are commonly called "expectations." In this sense expectations are the variable, cognitive factor which gives specific direction to the immutable purposive factor, "profit incentive," thus creating the "vector" of economic behavior. Once this is realized, we can no longer be surprised that the classical laws of the market are rather dubious empirical propositions. It is not the explicit assumption of profit maximization, but the implicit assumption of a very special kind of expectations, which narrows their field of application. If a fall in price induces us to expect a further fall, our very adherence to the profit principle compels us to violate the traditional law of supply and demand by increasing supply and decreasing demand.

What has been said here about the role of expectations in affecting economic behavior is elementary enough. Therefore it is a sad comment on the logical no less than the psychological foundations of traditional economics that, with one notable exception, the basic treatises written before 1936 pay no more attention to the whole issue than did the early classical writers. The exception is, of course, Marshall,<sup>12</sup> and his influence is clearly visible in the work of the two contemporary writers who have made expectations the cornerstone of their theoretical edifices: Keynes and Hicks. But we still lack a systematic price analysis built upon

<sup>12</sup> See his *Principles of Economics* (1927) Book V, especially Chapters III-V.

expectational foundations,<sup>13</sup> and even in very recent textbooks on advanced economics the problem is treated rather as an afterthought,<sup>14</sup> if at all.

If this is true of study of the effects on economic behavior which emanate from given expectations, we cannot hope to find in the literature much enlightenment on the reverse relationship, that is, the manner in which today's expectations are affected by yesterday's behavior and the circumstances which determine it.<sup>15</sup> And yet, process analysis is conditional upon the existence of some way in which expectations can be treated as dependent variables. This methodological postulate can be expressed more precisely. Only if the typical marketer reacts to given experience and given information by forming typical expectations, can his typical behavior be predicted by his partners in exchange, and also by a theoretical observer. There is certainly room for irrational and other unaccountable influences on the formation of expectations. In individual cases these influences may far outweigh the calculable factors, and to the extent that they do, expectations have indeed to be treated as independent variables. But, as is the case with exceptions to the profit principle, the tolerance of the market system for such unaccountable influences is limited. Like inertia in competition, or actions impelled by the income effect, they

<sup>13</sup> Beginnings have been made in G. J. Stigler's *The Theory of Price* (1946) Chapters 6-9. See also M. Abramowitz, *Price Theory for a Changing Economy* (1939).

<sup>14</sup> See, for example, K. E. Boulding, *Economic Analysis* (1948) Part IV. In *A Reconstruction of Economics*, on the other hand, Boulding gives expectations a central position in the theory of exchange as well as in the theory of production (see Chapters 3, 6, and 7).

<sup>15</sup> See, however, A. G. Hart, *Anticipations, Uncertainty, and Dynamic Planning* (1951) Chapter V, and G. L. S. Shackle, "Expectation and Employment," in *Economic Journal* (1939) pp. 442-52. Shackle's latest book, *Expectations in Economics* (1949) contains little information about the factors that influence expectations. A systematic treatment of "trains of situations, engendered by and engendering expectations" is recognized as "our ultimate object of study," but is expressly stated as lying "beyond the scope of this book" (p. 2). Hart (*op. cit.*, pp. viii-ix) stresses the influence of unpredictable, exogenous factors in the formation of expectations, and is therefore skeptical of the latter's usefulness for process analysis. This is quite in accord with his treatment of the problem in partial equilibrium analysis as part of the theory of the firm.



obstruct the proper interlocking of the links in the exchange process. In other words, in a functioning market the typical influences on expectations must prevail over the accidental ones. This consideration will never yield a prediction, however guarded, for any individual case, but it will give us a clue to the expectational conditions upon which the continuity of provision depends.<sup>16</sup>

What, then, are the typical influences which form a marketer's expectations? To answer this question we must first determine the substance with which market expectations are concerned. It follows from the nature of the exchange process that whatever ultimate quality an expected event may possess, its effect on market movements must be traceable in terms of prices and physical quantities of commodities and services. This is true of typical as well as of accidental events, and though an earthquake or the sudden outbreak of a war may make us radically revise our market expectations, such revision can consist only in a change of expected prices and quantities. Therefore, assuming that proper account is taken of the constraints exercised by the profit incentive and the available means, economic process analysis consists in deriving, from sets of past and present prices and quantities, expectations of future prices and quantities—expectations which induce specific behavior leading to a new actual set of prices and quantities, from which new expectations are derived, and so on.

The influences leading to the formation of expectations were divided, above, into two broad categories: general experience, and specific information. It is obvious that no economic situation can be handled by the actor, or understood by the observer, without knowledge of the concrete order of prices and quantities in question, that is, without information. But the typical influences which affect expectations, and through them behavior, derive from

<sup>16</sup> This "general equilibrium" orientation distinguishes the present approach from most of the recent writings on the subject, notably from the work of Hart and Shackle. On the other hand, Keynes, Hicks, and, above all, Lange (*Price Flexibility and Employment*, 1944) have studied the effect of expectations on the system at large, but they have not paid equal attention to the reverse effect.

experience, that is, from a general knowledge of the manner in which "I" or "they" reacted in the past to similar situations, and of the consequent results in terms of profits. One can say that, within the limits of the typical, expectations are formed by applying the results of experience to the information at hand. And thus we are confronted with the question: are there any constant factors which render past experience similar for the majority of marketers, and thus calculable?

## VI

In trying to answer this question we shall be driven beyond the area of subjective psychological considerations into what can be called the field of objective structural analysis. Economic structure, as understood here, refers to the manner in which the natural, social, and technical "data" affect the reactive power of the market process.<sup>17</sup> What I have in mind can best be demonstrated on the original model of classical mechanics, from which our deliberations started.

We have so far confined our attention entirely to the vector force which moves the economic particles in an orderly, calculable manner. When we now discuss the structure of an economic system, we deal with the nature of the particles themselves. In the traditional interpretation of the mechanistic principle, which was adopted by classical economics, the entities to be moved appear as

<sup>17</sup> The term "structure" has been given various meanings in economic literature—as for example in confronting the structure of a market economy with the structure of a collectivist system, or in comparing structural unemployment with cyclical unemployment. But there is little danger that the present use of the term will be confused with any other, except perhaps with the meaning that has been attached to it in econometrics. There it stands for the aggregate of institutional and behavioral equations which, with certain definitions and assumptions, constitute a "model" of the market process (see J. Marschak, "Economic Structure, Path, Policy and Prediction," in *Proceedings of the American Economic Association*, May 1947, pp. 81-84; also J. R. N. Stone and E. F. Jackson, "Economic Models with Special Reference to Mr. Kaldor's System," in *Economic Journal*, 1946, pp. 555-58). This definition includes, in "structure," behavioral relations that I propose to derive from it; in its institutional reference, on the other hand, it is much more specific than the content I shall presently impute to the term.

a multitude of small and homogeneous atoms. When translated into the language of economics, these properties define an order of perfect competition. It is true that to the primary conditions of perfect competition—that is, large numbers and smallness of economic units and substitutability of like products and factors—customary analysis sometimes adds, as subsidiary conditions, free entry, independent action on the part of each unit, and absence of external control. But it hardly needs stressing that these subsidiary conditions merely serve to preserve the primary conditions, for in a social system there is “danger” that the elements step out of the purely passive role which the particles play in a physical system.

At the same time, when considered with reference to the possibility of change, these conditions describe a system in which, given a maximum principle, the number, size, degree of substitutability, and degree of independence of the elements make for optimum adjustment. We know that this is a limiting state of affairs, from which all empirical market processes have deviated in the direction of less perfect adjustment. But these empirical processes can themselves be distinguished by the manner in which adjustment is hampered by small numbers, large size, or a low degree of substitutability or independence, or any combination of these factors. And by compounding the joint effect of these factors into the overall “degree of mobility,” we can identify specific structures of the market with specific degrees of mobility.

We may now ask: in what manner does the prevailing structure or degree of mobility influence the experience of a typical marketer, and thereby his expectations with regard to the future behavior of those prices and quantities upon which the profitable outcome of his dispositions depends? A simple example will provide the elements upon which a general answer can be established.

Let us suppose that, because of an increase in demand, the sales price for my product has risen. Is it in accord with the principle of profit maximization that I expand output? If additional supply were available today, with marginal costs not exceeding the new

sales price, it could certainly be sold at an increased profit. But what will be the marginal costs of the additional output, in relation to the sales price, at the time my output increment reaches the market? The answer to this question depends partly on how my competitors behave. Will they delay their reaction until their "information" has improved? Or will they start expanding all at once, first raising prices of prime factors and thus my marginal costs, and in the end bringing commodity prices down, perhaps even below the original level? What about new competitors or substitutes entering the market, or the introduction of technical improvements?

It is obvious that every "profit maximizing" action taken in such a situation presupposes, explicitly or implicitly, a judgment on these and many other contingencies. Fortunately they can all be reduced, as we have seen, to expectations concerning the magnitudes of quantities and prices of the relevant commodities and services at the future dates when purchases and sales are due. We now establish the postulate that the average marketer, in forming his price-quantity expectations, takes primarily into account those factors which, according to his experience, are *certain* to affect the relevant magnitudes at the relevant dates. Once this postulate is accepted, it can easily be shown that the prevailing structure or degree of mobility is what exerts the most regular and thus, on the average, the strongest influence on the future behavior of prices and quantities.

The manner in which structure influences the movement of prices and quantities is by setting an upper limit to the possible speed and adaptability of any reaction to change, or, as we can also say, to the "objective" short-period elasticity of supply.<sup>18</sup> What is decisive in our context is that the profitability of specific responses to change is a function of the prevailing supply elasticity,

<sup>18</sup> The qualification "objective" is added in order to exclude all subjective determinants, such as the attractiveness of specific money offers to specific suppliers. Such determinants are included, of course, in the customary definition of supply elasticity. See, for example, Boulding's analogy of the "relation between a whistle and a dog" (*Economic Analysis*, p. 128).

in the sense defined. The faster the required adjustment can be carried out, the nearer to the present are the relevant future dates, and the smaller is the danger that uncalculable events will interfere; the more accurately the size of reaction can be adapted to the size of the change, the smaller the cost of adjustment and the closer the approach to the profit maximum. The more elastic the resulting "objective" short-period supply schedule for the industry concerned, the greater the chances that an immediate expansion of supply in response to a present price rise will in fact maximize profits for the individual firm.<sup>19</sup> It stands to reason that the reverse is true of a highly immobile system, where adjustment takes considerable time, with the result that the relevant dates are shifted to a distant future, and where the input of large indivisibilities raises the total costs of adjustment. There a delay in expanding supply, if not permanent abstinence from it, may well be the most profitable response to a present price rise.

If these considerations are valid, it is no longer surprising that the average marketer, in his search for maximum profit, responds to one and the same stimulus quite differently according to the prevailing structure. Under conditions of near-perfect mobility the possible speed and adaptability of any adjustment make it very probable that the present price-quantity level will persist until the adjustment is completed; it is equally probable that prices will fall, once supply has caught up with demand. Our postulate is that the average marketer, having learned from experience what is likely to happen, will expect it to happen again. On the other hand, the likelihood of an unfavorable development—prematurely

<sup>19</sup> In order to understand the significance of the degree of mobility for the actual profit chances of particular responses, one has to realize the importance of what I have called "adaptability." It is by no means obvious that the profit chances of the individual firm will necessarily be improved whenever greater mobility increases the speed of adjustment for all. It is another aspect of mobility—that is, the smallness of the productive unit—which, though also benefiting all, yet improves the competitive condition of each, by making it possible for every firm to increase output in steps small enough to protect all together from glutting the market. This is the meaning of Walras' *tâtonnements*, which have a legitimate place only in a perfectly mobile system.

rising costs and falling revenues—increases with the degree of immobility, that is, with the distance of the critical dates from the present, and with the costliness of precise adjustments. Again we postulate that, in an immobile system, these happenings have become part of the average marketer's experience, and thus make him expect them.

It may be useful to formulate our thesis in behavioristic terms. When we say that a marketer will expect prices to remain constant or to fall, this reified statement refers, actually, to the future behavior of the majority of marketers concerned. What our marketer really expects is that the majority of his bargaining partners will base their expectations on the same structural experience that he regards as the frame of reference for his own actions. In other words, he expects others to expect what it appears to him reasonable to expect. He need not exclude the presence of individual "dissenters," nor has the theoretical observer a need to do so. Such dissenters may influence the "degree" of the expected price-quantity change. But so long as they remain in the minority they will scarcely, under conditions of pure competition, affect its "direction." And for the solution of most macro-economic problems, knowledge of the direction of economic movements and of the underlying behavior-expectation complex—that is, prediction of rise or fall of prices and quantities—proves sufficient, even if we cannot predict specific levels.

These last remarks reveal the meaning to be attached to our result. All through this exposition we have dealt with the interconnection between structure and expectations as a postulate, rather than as an empirical generalization. In doing so we follow the same methodological procedure that was applied above in revalidating the profit principle. We cannot establish process analysis unless we have a general rule of how expectations have to be formed. Our postulate provides us with such a rule. But this theoretical hypothesis has empirical significance only to the extent to which it helps us to describe the actual formation of expectations.



As we know, our rule can never serve as a guide to predicting any individual's psychological processes. There special information and irrational hopes and fears may far outweigh the influence of the "structural experience." Like the profit principle, our rule is to be understood as a functional norm, violation of which must not exceed narrow limits if provision is to continue. At the same time the structure-expectation relationship differs from the profit principle in one important respect. Whereas the latter's effect on behavior is uniform, the effect of the former varies with the degree of mobility that characterizes the prevailing economic system.

Our procedure might be classified as a special method of substituting certainty for uncertainty. We assume that marketers, on the average, expect to happen what indeed will happen under given structural conditions, provided the majority make these conditions the main yardstick for their profit-maximizing behavior. And we reduce the "random disturbances" to negligible size by concentrating on the systematically tolerable deviations in the aggregate, rather than on the individually possible ones. We even account for some kind of uncertainty by considering as future events subject to expectations only the direction of changes in prices and quantities, without trying to determine the magnitudes of such changes.<sup>20</sup>

## VII

The main results of this reexamination of economic mechanisms may now be summarized. The vectors through which an economic

<sup>20</sup> I have refrained from entering into a discussion of the various attempts to measure the degree of uncertainty, or to reduce the uncertainty of one event to the certainty of another event, because none of these attempts is directly related to, or, for that matter, in contradiction with, the proposed way of dealing with the problem. See, for example, the interesting review of the literature contained in Chapter VII of Shackle's *Expectations in Economics*. Most compatible, probably, with the present approach is Abramowitz's treatment of investment decisions in a "cyclical structure" (see pp. 60-62 and Chapter VIII of his *Price Theory*, cited above). See also Stephen Enke, "On Maximizing Profits," in *American Economic Review* (1951) pp. 566-78.

mechanism operates, that is, all calculable patterns of market behavior, are the joint product of two elementary factors: a universal objective maximum principle, and a specific set of expectations. The latter factor is primarily conditioned by what I have called "economic structure," the degree of mobility prevailing in the system. It is the variety of possible structures, operating through the medium of different expectations, which widens the range of the economic mechanisms that are accessible to exact determination.

By allowing for several calculable behavior patterns, this revised mechanistic approach is capable, in particular, of carrying dynamic analysis far beyond the narrow confines of classical and neo-classical models. Above all, it makes possible the integration of the theory of economic fluctuations into a truly "general" theory. In the present context, however, these claims can be only stated. Their vindication must be left to special proof. They are mentioned here only to indicate the purpose of going once more over well trodden ground.

A final remark must be added concerning the invariant factor of all economic mechanisms: our objective maximum principle. It has here been identified with the conventional notion of the profit principle, but our findings with regard to expectations and structure make it imperative to give the notion a more precise formulation. We have seen that the maximizing nature of the profit principle arises from the fact that it induces a marketer, in bargaining, to prefer the larger to the smaller return, measured in terms of money or of commodities and services. But unless he acts in a structure of perfect mobility, all his bargaining actions and reactions are bound to extend over a considerable stretch of time.

In other words, for all actual structures the concept of profit maximization remains indeterminate, unless the period over which maximization is to extend is capable of a reasonably precise definition.

The foregoing considerations offer a solution of this problem.



The proper period over which profits are to be maximized is measured by the time span over which expectations extend, that is, the "horizon" over which the average marketer plans his purchases and sales.<sup>21</sup> It includes all relevant consequences of actions taken in the present, and thus equals the length of the adjustment processes which present action sets in motion.<sup>22</sup> Thus the length of the economic horizon, and the period over which profits are to be maximized, varies directly with the prevailing degree of mobility. Or, as we can also say, we are concerned with profit maximization over the long period—a natural consequence of our interest in the capacity of the system to assure a state of continuous provision.

This, however, is equivalent to stating that, as long as the economic structure in question is competitive, there is likely to be a wide difference between expected and realized profits. Expected profits must, of course, be positive if proper market behavior is to be created.

Yet over the long period the profits realized must tend toward zero, under pure as well as under monopolistic competition, in Chamberlin's sense. But this is by no means prejudicial to the operation of economic mechanisms. On the contrary, the very dichotomy between the positive profit which the present constellation induces marketers to expect, and the zero profit which is likely to result from their actions, guarantees not only continuous but optimal provision. The former offers the stimulus for the fitting action of the individual, whereas the latter symbolizes perfect adjustment.

Indeed, the point at which the economic mechanism seems to fall short of the goal of provision is in situations in which positive

<sup>21</sup> See I. Tinbergen, "The Notion of Horizon and Expectancy in Dynamic Economics," in *Econometrica* (1933) pp. 247-64; also P. N. Rosenstein-Rodan, "The Role of Time in Economic Theory," in *Economica* (1934) pp. 77-97, especially 78-84, and O. Lange, *Price Flexibility and Employment* (1944) Chapter VI.

<sup>22</sup> What measures the horizon is the longest period over which *specific* purchases and sales are planned, not the possibly much more distant future for which households and firms make *general* provision "by planning to wind up . . . with a certain amount of assets"; see Lange, *op. cit.*, p. 33, note 15.

profits can be realized over the long period, that is, under conditions of true monopoly and oligopoly. Characteristically these are the situations for which the alternative of "strategic" behavior has been designed in the theory of games. It can easily be seen that this alternative is of great importance for a refined theory of the firm, that is, as a substitute for the traditional analysis of partial equilibria. But before striving to replace the mechanistic theory of general equilibrium, the protagonists of the new approach will have to demonstrate that the market can fulfil its task of continuous provision in a "world of monopolies" (J. Robinson) or, what amounts to the same, through the medium of rivaling group strategies.

# THE EVOLUTIONARY NATURALISM OF JOHN DEWEY

BY SIDNEY RATNER

**F**ORTY-ONE years ago, in a noted essay, John Dewey celebrated certain phases of Darwin's influence on philosophy.<sup>1</sup> Since then Dewey has carried forward and brought to fruition the movement toward full-fledged naturalism in philosophy, science, art, and all other aspects of life, to the stimulation of which Darwin's epoch-making works had contributed so much. The vanguard of the present generation has come to accept as commonplace many of the key ideas which were revolutionary discoveries when first presented in such masterpieces as *Experience and Nature*, *Human Nature and Conduct*, *Art as Experience*, *Democracy and Education*, and *Essays in Experimental Logic*. These works have been the product of three-score years' arduous labor, development, and emancipation from the uncriticized assumptions and preconceptions of the modern world.

## I

The story of Dewey's philosophical growth and flowering offers a fascinating study in the emergence, crystallization, and transformation of a great individual through struggle against the supernaturalism of nineteenth-century religion and philosophy, through stimulation by certain precursors of modern naturalism, and through reflection upon and integration of his varied life experiences. Dewey, to be truly seen, has to be viewed as a dynamic component of American society during its evolution from 1859 to the present—over one-half of our national existence. What historians call John Dewey's philosophy is the articulated product of his interaction with people and nature over the span of some

<sup>1</sup> John Dewey, *The Influence of Darwin on Philosophy* (New York 1910) especially pp. 1-19.

ninety years.<sup>2</sup> He has been at the same time both a product of American culture and a crucially important contributor to and molder of that culture.

The full record of Dewey's transition from the absolutism of the neo-Hegelianism which he had acquired at Johns Hopkins in the early 1880's to the experimentalism and naturalism which he had achieved by 1900, and which he developed during the next four decades, cannot here be explored. It is necessary only to point out that his emergence as a naturalist was aided and encouraged not only by his prolonged study of Darwin and the natural sciences, but also by association with friends and colleagues like George Herbert Mead, "a seminal mind of the first order," who was especially concerned about the bearing of biological theory upon psychology; Arthur H. Lloyd, the original and gifted author of a book on *Dynamic Idealism*; James R. Angell, a pioneer in functional psychology; James H. Tufts, co-author with Dewey of their standard work on *Ethics*; and Addison Moore, a brilliant and aggressive champion of pragmatism at the outset of its career. But the most dramatic and forceful influence on Dewey came from his reading William James' *Principles of Psychology*, in 1890. That experience acted as a trigger release on his creative energies in the direction of experimental naturalism. Later the study of the logical writings of Charles Sanders Peirce gave him the tools with which he perfected the system of experimental logic and naturalism he had forged for himself.<sup>3</sup>

Today this system of naturalism, despite severe attacks, is so widely accepted that it is difficult for many of us to visualize the

<sup>2</sup> "The world experienced . . . comes at all times with our body" as its center of vision, interest, and action: William James, *Essays in Radical Empiricism* (New York 1910) pp. 169-70 n. Compare John Dewey, "The Vanishing Subject in the Psychology of James," in *Journal of Philosophy*, vol. 37 (24 October 1940) pp. 589-98.

<sup>3</sup> See John Dewey, "From Absolutism to Experimentalism," in *Contemporary American Philosophy*, ed. by William P. Montague and George P. Adams, vol. 2 (New York 1930) pp. 13-27; Morton G. White, *The Origin of Dewey's Instrumentalism* (New York 1943). An essay should be written on the positive or negative stimulation of Dewey by such men as Woodbridge, Santayana, Russell, Bradley, A. F. Bentley.

time when it did not exist or was not accepted. But an equally amazing phenomenon is the failure of most admirers of Dewey and Darwin to present with any exactness the precise debt of Dewey to Darwin, the parallelism between the two figures, and the extent to which Darwin anticipated or prepared the ground for many of the ideas which finally came to completion in Dewey's philosophy. A survey of what Dewey himself has acknowledged or called Darwinian in his own writings will help to clarify the relationship between the two writers. A consideration of certain neglected aspects of Darwin's works which have not been noticed as foreshadowing some of the central insights in Dewey's system must await a separate essay.

## II

The first statement of Dewey's on evolution or Darwin with which I am acquainted was published in June 1887 at the age of twenty-eight, in an essay on "Ethics and Physical Science."<sup>4</sup> There Dewey took issue with the champions of a social ethics allegedly based exclusively upon physical science who talked about "the goal of the process of evolution being a goal for man," since that meant "something in which he is absorbed, swallowed up, forever lost." The evolutionary process in nature is one of conflict based upon competition, selection, and survival, whereas man's ideal is harmony, unity of purpose and life, and community of wellbeing in which all must share. Dewey anticipated Huxley in this criticism of popular evolutionary ethics.<sup>5</sup> Dewey, however, attacked the mechanical materialists of the 1880's not only on the logical ground of invalid reduction of complex human categories to relatively simple physical ones, but on grounds far removed from the naturalism he later achieved. To him then the conception of an ethical end for man or the universe was "consistent only with a teleolog-

<sup>4</sup> In *Andover Review*, vol. 7 (June 1887) pp. 573-91. Compare H. W. Schneider, "The Influence of Darwin and Spencer on American Philosophical Theology," in *Journal of the History of Ideas*, vol. 6 (January 1945) pp. 3-18, especially p. 14.

<sup>5</sup> See Thomas H. Huxley, *Evolution and Ethics* (New York 1897) pp. 1-86.

ical interpretation of the world . . . as the embodiment of reason, and the manifestation of intelligent purpose."

Although Dewey published a volume on *Psychology* in 1887, another on *Leibniz* in 1888, and a third on *Applied Psychology* in 1889, in addition to various articles, he manifested no especially Darwinian approach until 1891. In that year his *Outlines of a Critical Theory of Ethics* revealed a Darwinian concern with intelligence functioning in concrete control of human action, individual and social as against the dominant rationalistic idealists' view of a universal reason set in the scheme of things.<sup>6</sup> Three years later, in 1894, he released a small book on *The Study of Ethics*, which presented the germ of his later-developed pragmatism in the idea that intelligence is mediation of native impulses with respect to the consequences of their operation. This was in true accord with the teachings of Darwin and William James.

In July 1894 Dewey made his first public statement criticizing the use of Darwinism as a justification for ruthless or unrestrained laissez faire.<sup>7</sup> A few months later he printed two brilliant essays which reconciled Darwin's theory of emotion as expression with the James-Lange theory of the peripheral origin of emotion during acts of adjustment, by demonstrating that expression itself is one means of adjustment.<sup>8</sup>

Four years passed, packed with work by Dewey on the psychology of number, the reflex arc, ethics, and education. Then in April 1898 he took issue with the thesis of T. H. Huxley's celebrated 1893 essay on *Evolution and Ethics* that the ethical progress of society depends upon combating the cosmic process of ruthless competition and self-assertion, or in other words, that human

<sup>6</sup> Note this seminal idea (p. 237): "It is intelligence that is the sole means of taking a want out of the isolation of merely impulsive action. It is the passing of the desire through the alembic of ideas that, in rationalizing and spiritualizing it, makes it an expression of the want of the whole man, and thus of social needs."

<sup>7</sup> John Dewey, "Social Psychology," in *Psychological Review*, vol. 1 (July 1894) pp. 400-09 (a review of, among others, Lester F. Ward's *Psychic Factors of Civilization* and Benjamin Kidd's *Social Evolution*).

<sup>8</sup> John Dewey, "The Theory of Emotions," in *Psychological Review*, vol. 1 (November 1894) pp. 553-69, and vol. 2 (January 1895) pp. 13-32.



ethics rests on a non-evolutionary basis. Dewey agreed with Huxley's social values, but argued that there is no fundamental dichotomy or conflict between the cosmic process and the ethical process if one realizes that society grows out of and in nature, and that the term "survival of the fittest" has to be reinterpreted in the light of the existing total social structure, "with all the habits, demands, and ideals which are found in it." In short, Dewey put the ethical process into the cosmic process, and human society into nature. But he then demonstrated that the top turn or phase of this cosmic evolutionary process involves radical changes in the conditions of man's survival, development, and fulfilment.<sup>9</sup>

The next important statement by Dewey on this subject was made in 1902 in two trenchant essays on "The Evolutionary Method as Applied to Morality."<sup>10</sup> There he contended forcefully that the genetic method in ethics is an instrument of inquiry, interpretation, and criticism in regard to existing moral assumptions and aspirations. This evolutionary method, he asserted, takes conscious or spiritual values, the significance of which cannot be grasped by direct inspection or physical analysis, shows us the process whereby they came into being, and gives us insight into the operations and conditions that make for morality. Thereby we also gain knowledge of the means by which individual and corporate conduct might be desirably modified.

The views that Dewey expressed in these 1898 and 1902 ethical essays he reiterated and extended in the notable textbook on *Ethics* which he published in 1908 with James H. Tufts, and in all his subsequent writings on moral questions. A distinctive feature of Dewey's *Ethics* was the Darwinian approach. He stressed the biological basis of human life and conduct: "Moral conceptions and processes grow naturally out of the very conditions of human life."<sup>11</sup> In this book he also broke new ground

<sup>9</sup> John Dewey, "Ethics and Evolution," in *Monist*, vol. 8 (April 1898) pp. 321-41.

<sup>10</sup> In *Philosophical Review*, vol. 11 (March and July 1902) pp. 107-24, 353-71.

<sup>11</sup> John Dewey and James H. Tufts, *Ethics* (New York 1908, revised ed. 1932) pp. 34 ff., 343-44; the quotations are from the 1932 edition, because it is the best statement of ideas implicit in the 1908 text.

by demonstrating that moral principles, properly understood, are not commands to act or to forbear acting in a given way, but are tools or methods which enable each "individual to make for himself an analysis of the elements of good and evil in the particular situation in which he finds himself" (p. 309). Dewey purposely employed the comparative and genetic methods in order, first, to present clearly the development of our present complex society; second, to reveal "rudiments" and "survivals" of earlier moral systems still existing; third, to acquire greater objectivity on contemporary practices; and fourth, to bring home the "dynamic," progressive character of morality (pp. 5-9).

The changes in moral standards brought about by social changes Dewey recognized, as Darwin had, and welcomed as an opportunity for intelligent social and moral reconstruction. He avoided both ethical absolutism and ethical nihilism. "Specific phenomena of morals change from time to time with change of social conditions and the level of culture. The facts of desiring, purpose, social demand and law, sympathetic approval and hostile disapproval are constant. We cannot imagine them disappearing as long as human nature remains human nature, and [man] lives in association with others. The fundamental conceptions of morals are, therefore, neither arbitrary nor artificial. They are not imposed upon human nature from without, but develop out of its own operations and needs. Particular aspects of morals are transient; they are often, in their actual manifestation, defective and perverted. But the framework of moral conceptions is as permanent as human life itself" (pp. 343-44).<sup>12</sup>

<sup>12</sup> Compare this earlier passage (p. 313): "Each generation, especially the one living in a time like the present, is under the responsibility of overhauling its inherited stock of moral principles and considering them in relation to contemporary conditions and needs. It is stupid to suppose that this signifies that all moral principles are so relative to a particular state of society that they have no binding force in any [other] social condition. The obligation is to discover what principles *are* relevant to our own social estate. Since this social condition is a fact, the principles which are related to it are real and significant, even though they be not adapted to some other set and style of social institutions, culture, and scientific knowledge. It is the insistence on a uniform and unchanging code of morals, the

To this Darwinian emphasis on the mutability of moral systems, Dewey added the parallel insight and precept that virtue consists in our constantly growing and changing for the better. In contrast to the traditional and established view that each adult has a more or less fixed moral or immoral character, Dewey taught (pp. 340-41) as follows (*italics in original text*):

Except as the outcome of arrested development, there is no such thing as a fixed, ready-made, finished self. Every living self causes acts and is itself caused in return by what it does. All voluntary action is a remaking of self, since it creates new desires, instigates to new modes of endeavor, brings to light new conditions which institute new ends. In the strictest sense, it is impossible for the self to stand still; it is becoming, and becoming for the better or the worse. It is in the *quality* of becoming that virtue resides. We set up this and that end to be reached, but *the* end is growth itself. To make an end a final goal is but to arrest growth. Many a person gets morally discouraged because he has not attained the object upon which he set his resolution, but in fact his moral status is determined by his movement in that direction, not by his possession. If such a person would set his thought and desire upon the *process* of evolution instead of upon some ulterior goal, he would find a new freedom and happiness. It is the next step which lies within our power.

Finally, on economic questions Dewey objected to the misuse of Darwinism by advocates of unrestrained competition or exploitative monopoly, and took a position on the need for mutual aid and cooperation similar in many respects to that of Kropotkin (p. 39).

### III

Just as Dewey achieved a naturalistic ethics by putting men's moral acts and choices in their social and biological setting, so he naturalized logic and freed it from being a "ballet of bloodless

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same at all times and places, which brings about the extreme revolt which says that they are all conventional and of no validity. Recognition of their close and vital relationship to social forces will create and reinforce search for the principles which are truly relevant in our own day."

categories," or the study of a platonic universe of pure forms independent of all earthly restrictions or origins, through his emphasis upon the relation of thought to human conduct and through his demonstration of the place of intelligence in the scheme of biologic evolution. In 1900 he published his first statement on what he later called experimental logic, experimentalism, instrumentalism, and pragmatism, but what might equally well be called the Darwinization of logic, as well as the logical culmination of Darwinism. In this essay,<sup>13</sup> he analyzed thinking as active uncertainty or doubt leading the individual to inquiry which, when successful, results in that mental equilibrium called assurance or knowledge. After describing the various stages of thinking men go through, according to the amount of scope they give to doubt and the extent to which thinking is identified with free inquiry, Dewey pointed out the lack of a coherent and generally accepted theory of modern scientific procedure. He rejected three rival theories (pp. 203-04, 216-17): first, the Aristotelian logic, with its assumption of certain ultimate truths, unquestioned and unquestionable, self-evidenced and self-evidencing; second, the sensationalistic empirical logic of John Stuart Mill, with its claim that only particular facts are self-supporting and that the authority allowed to general principles is derivative and second-hand; and third, the transcendental logic of Kant, Lotze, Bosanquet, and Bradley, with its thesis that the universe itself is a construction of thought, an embodiment or product of the pervasive action of reason, and that our logic is simply the reading off or coming to consciousness of the inherently rational structure already possessed by the universe.

All these three schools agree in setting up something fixed outside the doubt-inquiry process, supplying both its material and its limit (p. 218). Hence Dewey asserted that these schools are not compatible with the practical procedure and assumptions of

<sup>13</sup> John Dewey, "Some Stages of Logical Thought," in *Philosophical Review*, vol. 9 (September 1900) pp. 465-89, reprinted in John Dewey, *Essays in Experimental Logic* (Chicago 1916) pp. 183-219.

modern experimental science, which make thinking a process of discovery essentially, and not merely accidentally. Although Darwin's name was not invoked in this essay, his spirit and method seem to have inspired Dewey's concluding remark (p. 219): "Does not an account of thinking basing itself on modern scientific procedure demand a statement in which all the distinctions and terms of thought—judgment, concept, inference, subject, predicate, and copula of judgment, etc., *ad infinitum*—shall be interpreted simply and entirely as distinctive functions or divisions of labor within the doubt-inquiry process?"

Dewey's indebtedness for this new point of view was not only to Darwin, but also to William James, Charles Sanders Peirce, and even Hegel. To the last he owed his emphasis on continuity and the function of conflict; to Darwin and James, his biological approach and stress upon the reinterpretation of logical categories in terms of "readjustments" and "reconstruction"; to Peirce the view that the "irritation of doubt causes a struggle to attain a state of belief," the naming of the struggle "inquiry," and suggestions concerning different methods of attaining belief.<sup>14</sup>

It was, however, in 1903, the year in which Bertrand Russell also published his *Principles of Mathematics*, that John Dewey gave the first relatively rounded presentation of his new experi-

<sup>14</sup> See Jane M. Dewey, "Biography of John Dewey," in *The Philosophy of John Dewey*, ed. by Paul A. Schilpp (Evanston 1940) pp. 18, 22-23. Nearly all of Dewey's commentators, so far as I am aware, have strangely overlooked or failed to mention Dewey's indebtedness to Peirce's 1877 essay, "The Fixation of Belief," reprinted in *Collected Papers of Charles Sanders Peirce*, ed. by Charles Hartshorn and Paul Weiss, 6 vols. (Cambridge, Mass., 1931-35) vol. 5, pp. 223-47. Morton G. White, for example, in his recent book, *The Origin of Dewey's Instrumentalism* (cited above) pp. 11, 152, makes the mistaken assertion that despite Dewey's statement (in his *Logic: The Theory of Inquiry*, New York, 1938, p. 9n.) about his indebtedness to Peirce for making "inquiry and its methods the primary and ultimate source of logical subject-matter," this indebtedness was "relatively recent." Actually it went back to at least 1900, and probably even as early as 1890, if the text of Dewey's above-cited 1900 essay and his essay on "The Superstition of Necessity" (in *Monist*, vol. 3, April 1893, pp. 362-79) are read critically in the light of Peirce's parallel writings—that is, his "The Fixation of Belief," *loc. cit.*, and "The Doctrine of Necessity Examined," in *Monist*, vol. 2 (April 1892) pp. 321-37, reprinted in his *Collected Papers*, vol. 6, pp. 28-45.

mental logic. This was contained in the four epoch-making essays which headed the volume of *Studies in Logical Theory* by his University of Chicago colleagues and pupils.<sup>15</sup> Here we need not go into the details and technicalities of Dewey's battle against the errors of the then dominant school of logicians.<sup>16</sup> The situation, to put the matter briefly, was this. In 1903 idealism was in command of the philosophical field, in both England and the United States; the logics in vogue were profoundly influenced by Kantian and post-Kantian thought. The empirical logic of Mill and his disciples was secondary in influence to the regnant idealism. An impressive revival of realism was just then getting under way, accompanied and aided by the development of mathematical logic, the analytic logic made famous by Russell and Whitehead. The new realism taught that the objects of knowledge, the data of science, are the real objects of experience. Analytic logic insisted that the terms and types of order constituting logic and mathematics are real in their own right, and are at most merely led up to and discovered by thinking. It took Bertrand Russell thirty-five years to confess the error of his earlier beliefs: "At the time when I wrote the 'Principles,' I shared . . . a belief in the Platonic reality of numbers, which, in my imagination, peopled the timeless realm of Being. It was a comforting faith which I later abandoned with regret."<sup>17</sup>

In contrast to all these schools, Dewey laid down the doctrine that human thinking arises out of specific needs and frustrations. When it is successful, it leads to a control of the environment, which is achieved through acts based upon previous analysis, or resolution of the original complex situation into its composite elements, and upon a projection of a plan of action or experiment.<sup>18</sup> Against those logicians who transformed the distinctions

<sup>15</sup> Decennial Publications of the University of Chicago, 2nd ser., vol. 11 (Chicago 1903) pp. 1-85; reprinted in John Dewey, *Essays in Experimental Logic*, pp. 75-182.

<sup>16</sup> See M. G. White, *op. cit.*, pp. 134-48; Delton T. Howard, *John Dewey's Logical Theory* (New York 1919) pp. 72-87.

<sup>17</sup> Bertrand Russell, *Principles of Mathematics*, 2nd ed. (New York 1938) pp. ix-x.

<sup>18</sup> Compare *Essays in Experimental Logic*, pp. 1-74.



of thought into absolute, fixed, and predetermined forms of being, Dewey set up the ideal of the "experimental logician," whose aim was "to follow the natural history of thinking as a life-process having its own generating antecedents and stimuli, its own states and career, and its own specific objective or limit."<sup>19</sup> Once given an interest in the specific rather than in the wholesale activity of thought, the logician will cease dwelling on "the eternal nature of thought and its eternal validity in relation to an eternal reality." He will cease being concerned "not with genesis, but with value, not with a historic cycle, but with absolute distinctions and relations." The justification for so revolutionary a shift in the very center of gravity of logic Dewey found in Darwin's work and influence. "It is astonishing," Dewey remarked in the *Studies in Logical Theory* (p. 14), "that, in the face of the evolutionary method in natural science, any logician can persist in the assertion of a rigid difference between the problem of origin and of nature; between genesis and analysis; between history and validity."

This championship of the genetic method, of a natural history (and science) of knowledge, provoked vigorous opposition from the formal logicians and analytical realists. But Dewey, in 1916, gave the best rebuttal of his critics when he wrote that a logic which rules out knowledge-getting through modern scientific observation and experiment, and bases itself exclusively upon the traits of known objects, is self-contradictory. "There is no way to know what are the traits of known objects, as distinct from imaginary objects, or objects of opinion, or objects of unanalytic common-sense, save by referring to the operations of getting, using, and testing evidence. . . . for the working scientist, 'objects of knowledge' mean precisely the objects which have been obtained by approved processes of inquiry. To exclude consideration of these processes is thus to throw away the key to understanding knowledge and its objects."<sup>20</sup> Here Dewey anticipated

<sup>19</sup> *Studies in Logical Theory*, p. 13.

<sup>20</sup> *Essays in Experimental Logic*, p. 65. Dewey went on to say (p. 67): "To set genesis in opposition to analysis is merely to overlook the fact that the sciences of existence have found that considerations of genesis afford their most effective

and sketched the operational logic which P. W. Bridgman later elaborated in his *Logic of Modern Physics*.

Dewey in his 1903 essay in *Studies in Logical Theory* had not only justified the logician's union of the genetic and analytic methods, but carried the Darwinian approach still further (p. 15): "The entire significance of the evolutionary method in biology and social history is that every distinct organ, structure, or formation, every grouping of cells or elements, has to be treated as an instrument of adjustment or adaptation to a particular environing situation. Its meaning, its character, its value, is known when, and only when, it is considered as an arrangement for meeting the conditions involved in some specific situation."

This utilitarian view of all biological organs and activities, stated even more emphatically than Darwin himself had done in *The Origin of Species*, Dewey extended by turning logical theory into an account of thinking as a mode of adaptation to the conditions which generated it, and into a critique of its validity in terms of its efficiency in meeting its problems. "The historical point of view describes the sequence [of thinking]," he wrote in *Studies in Logical Theory* (p. 16), "the normative follows the sequence to its conclusion, and then turns back and judges each historical step by viewing it in reference to its own outcome." In other words, Dewey wanted logic to become an organon of discovery and a critique of the efficiency and adequacy of the methods used in arriving at a proposed solution. As he finally stated his position in 1938, in *Logic: The Theory of Inquiry* (p. 9): "it may seem as if the criteria that emerge from the processes of continuous inquiry were only descriptive, and in that sense empirical. . . . But they are not empirical in the sense in which 'empirical' means devoid of rational standing. Through examination of the *relations* which exist between means (methods) employed and conclusions attained as their consequence, reasons are discovered why

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methods of analysis." In a footnote he ridiculed a critic for opposing the method of genesis to the method of experimentation, "as if experimentation were anything but the generation of some special object."

some methods succeed and other methods fail. . . . rationality is an affair of the relation of *means and consequences*, not of fixed first premises as ultimate premises."

In his 1903 essay in *Studies in Logical Theory*, Dewey had given (p. 24) a minute, technical demonstration of his new thesis that we must reconsider the subject-matter of all human thinking "from the standpoint, first, of the *antecedents* or conditions that evoke thought; second, of the *datum* or *immediate material* presented to thought; and, third, of the *proper content* of thought." These three distinctions, he affirmed, "are to be discriminated as stages of a life process in the natural history of experience, not as ready-made or ontological." It is unnecessary to summarize the complex dialectical process whereby Dewey developed these points against the transcendental logic of Lotze. The upshot of Dewey's analysis may be given as follows. Reflection and verifiable knowledge arise in situations where different elements or factors are in opposition or tension against each other. The conflicting impulses or responses arouse in the individual the search for harmony, and generate thinking as a means of adapting or adjusting particular disturbing elements in the objective situation to the end desired by the individual: a deliberately integrated experience. This entails critical analysis and imaginative reconstruction of the situation. "Life proposes to maintain at all hazards the unity of its own process. Experience insists on being itself, on securing integrity even through and by means of conflict" (p. 81).

Dewey did more, however, than to affirm that thinking is an instrument for man's adjustment to and of his environment. In this same work (p. 47) he reaffirmed his revolutionary thesis: "All the distinctions of the thought-function, of conception as against sense-perception, of judgment in its various modes and forms, of inference in its vast diversity of operation—all these distinctions come within the thought-situation as growing out of a characteristic antecedent typical formation of experience; and have for their purpose the solution of the peculiar problem with respect to which the thought-function is generated or evolved: the restora-

tion of a deliberately integrated experience from the inherent conflict into which it has fallen."

With this program for an experimental logic went other challenging ideas. Dewey (pp. 61-62) vigorously criticized empiricism and rationalism as logical theories: the first for taking what is given in the thought-situation as if it were given absolutely, or apart from a particular historical situs and context; the latter, for regarding the thought-forms of conception, judgment, and inference as qualifications of "pure thought, apart from any difference in objects," instead of as successive dispositions in the progressive organization of the material or objects. A few pages earlier (pp. 57-58) he made this onslaught on the ready-made notions of sense data employed by many philosophers:<sup>21</sup> "The sensory data of experience, as distinct from the psychologists' constructs, always come *in a context*; they always appear as variations in a continuum of values. . . . It is not metaphysics, it is biology which enforces the idea that actual sensation is not only determined as an event in a world of events, but is an occurrence occurring at a certain period in the evolution of experience, marking a certain point in its cycle, and, consequently—having always its own conscious context and bearings—is a characteristic function of reconstruction in experience." Here were some of the foundation stones for the theory of evolutionary naturalism that Dewey was to develop with such power in later works which still remain to be explored. But these guiding ideas were themselves the culmination, by the early 1900's, of Dewey's intensive effort to carry forward Darwin's naturalistic approach to ethics, logic, the theory of knowledge, and eventually all the other activities of man.

<sup>21</sup> The view that sensory experience is identical with the point of greatest strain and stress in conflicting or tensional experience Dewey first presented in an essay that became a landmark in American psychology and was a great step forward toward naturalism: "The Reflex Arc Concept in Psychology," in *Psychological Review*, vol. 3 (July 1896) pp. 357-70, reprinted in John Dewey, *Philosophy and Civilization* (New York 1931) pp. 233-48.

# LABOR CODETERMINATION IN GERMANY

BY PAUL FISHER \*

NO DEVELOPMENT in contemporary European industrial relations has attracted greater attention than German labor's fight for codetermination, the drive for participation in the management of the enterprise and for influencing the direction of the economy on an equal basis with industry. The partial but significant victory that German labor gained in the first quarter of 1951, with the passing of the codetermination law for the German steel and coal industries, has focused interest in the United States on this phase of the struggle. American management and labor have supported their German counterparts, while the United States government—unlike other occupying powers—has maintained an attitude of strict neutrality.<sup>1</sup>

## *Historical Development*

Although the codetermination concept in Germany can be traced back to the middle of the nineteenth century, it assumed real importance only in the revolutionary period which followed

\* AUTHOR'S NOTE—The views expressed in this paper do not necessarily coincide with those of any government agency. The financial assistance of the Social Science Research Council in the preparation of the paper is gratefully acknowledged.

<sup>1</sup> The French High Commissioner for Germany and the diplomatic representatives of the Benelux governments intervened in Bonn in support of the objections of foreign stockholders to the codetermination law for the steel and coal industry. Mr. Michler, chairman of the Germany committee of the National Foreign Trade Council, and Mr. Haynes, chairman of the Europe Committee of the National Association of Manufacturers, advised the German press on 3 April 1951 that a codetermination law would discourage private American investment (*Frankfurter Rundschau*, 4 April 1951). The American Federation of Labor and the Congress of Industrial Organizations joined with the International Confederation of Free Trade Unions in a protest against these actions (ICFTU press release, 2 April 1951). See also Irving Brown and Henry Rutz in *International Free Trade Union News*, December 1950.

Germany's defeat in 1918. The radical left wing attempted then to rebuild Germany in the image of the Soviet Union, and as a first step it demanded that all power, political as well as economic, be turned over to the workers' and soldiers' committees. The gradualistic majority socialists advocated a more peaceful solution: they hoped to end the chaos by a restoration of the parliamentary state, in which they expected to realize the ideals of industrial democracy. The German socialist labor movement, the Allgemeiner Deutscher Gewerkschaftsbund, the largest union group of that period, aligned itself with the socialist majority at the congress that was held in Nuremberg in 1919, by a vote of 407 to 192.

These ideas of "codetermination,"<sup>2</sup> "industrial democracy,"<sup>3</sup> and "democratic socialism"<sup>4</sup> had already been anticipated in the short-lived union-management agreement of 15 November 1918, concluded under the immediate influence of the political and economic chaos of defeat and revolution. This agreement represented a double victory for German labor. Its recognition of the union as the representative of worker interests, and its acceptance of the principle of collective bargaining, spelled victory for labor's historic fight for "codetermination" of the conditions of employment, that is, for the collective determination of wages and hours. The agreement also went far toward gratifying the new demand for codetermination of all managerial decisions, and for a voice in directing the German economy. This found expression in the provision for a regionally and industrially subdivided system of

<sup>2</sup> The term "codetermination" probably appeared first in the writings of Gustav Schmoller, but it achieved currency with the socialist writers after World War I. Lenin preferred the stronger term, "workers' control"; when he finally adopted "codetermination" it was only to condemn the principle as impracticable, as contrary to the principles of socialist management, and as promoting inefficiency.

<sup>3</sup> The Anglo-Saxon term "industrial democracy," introduced by the Webbs in 1897, has its counterpart in the German concept of "economic democracy." See Fritz Naphtali, *Wirtschaftsdemokratie* (Berlin 1928).

<sup>4</sup> See, among others, Eduard Heimann, *Die Sozialisierung, ihre Aufgabe und ihre Form* (Berlin 1919), and *Sozialistische Wirtschafts und Arbeitsordnung* (Potsdam 1923); Emil Lederer, *Planwirtschaft* (Tübingen 1932); Karl Landauer, *Planwirtschaft und Verkehrswirtschaft* (Munich 1931).



union-management councils, culminating in a central union-employer committee.<sup>5</sup>

Article 165 of the Weimar Constitution established similar principles for the organization of the German economy. Workers and salaried employees were there called upon to cooperate with the employers on an equal basis, not merely in the settlement of wages and conditions of employment, but also in "the economic development of all productive forces." This cooperation was to be exercised in the plants, through works councils. From council delegates, worker councils by industry and region were to be created, to be topped by a Reich worker council. The regional worker councils, and that of the Reich, were to be associated with the corresponding organizations of industry and business in regional (mixed) economic chambers, and in the Reich Economic Council. But Article 165 was only partially implemented. No provisions were made for the intermediate bodies, the regional and industrial worker councils and (mixed) economic chambers. The "preliminary Reich Economic Council," established by a decree of 4 May 1920, decreased in importance as soon as unions and employer associations lost interest in this advisory board and preferred to exert their influence directly upon the parliament.<sup>6</sup>

Worker participation in the direction of the German economy was lost. Only a watered-down version of "democracy in the workshop" survived in the works-council law of 4 February 1920 and the amendments of 5 February 1921 and 15 February 1922. This legislation gave the elected representatives of the workers only a restricted influence upon managerial decisions. They were called upon, for example, to support management with advice in all economic matters; to cooperate with management in the introduction of new working methods; to assist in the settlement of griev-

<sup>5</sup> This 15 November 1918 agreement for the "common solution of all economic and social problems concerning German industry" provided also for legal and administrative implementation. The elaborate mechanism culminated in a "Zentralarbeitsgemeinschaft."

<sup>6</sup> See Theodor Steltzer, ed., *Mitbestimmungsrecht und Bundeswirtschaftsrat* (Lübeck 1950) pp. 15-23.

ances; to promote friendly relations; to see to the application of precautionary safety measures; to participate in the administration of welfare schemes. But in these fields the works council had no right of participation in managerial decisions. Although the law compelled the employer to inform the works council of impending decisions, and to listen to its reactions, he remained free to reject the advice. Even in cases of intended mass hirings or firings, the employer was required only to seek the works council's cooperation; he remained free to decide.

It is true that certain of the law's provisions seemed of potentially far-reaching importance. The employer had to inform the works council at regular intervals concerning the general economic and financial situation of the plant and the industry, the plant's productivity, and the employment outlook. In large enterprises the works council had the right to inspect the financial statements, and to ask for explanations of individual items. Most revolutionary of all, two delegates of the works council had the right to participate and vote in the supervisory board (control board) of large corporations, a committee elected by the stockholders and comparable to the American board of directors. In practice, however, these provisions failed equally to curb management and to benefit labor. By a variety of measures management was able to neutralize works-council representation on the control board, and to nullify the effect of the quarterly compulsory business reports and the obligation of large undertakings to submit financial statements.<sup>7</sup>

Slightly more important were the works council's control functions. It had to check on the observance of collective-bargaining agreements, of arbitration awards, and of protective labor laws. Two provisions of the law were of considerable practical importance, and only two: that requiring the employer to gain works-council consent to work rules and shop agreements; and that establishing the works council's right to a veto in individual dismissal cases. In respect to hiring, only general principles were

<sup>7</sup> See C. W. Guillebaud, *The Works Council* (Cambridge, Eng., 1928) pp. 176-96.

to be agreed upon, but the works council could veto a discharge for statutory reasons, and seek the decision of the labor court.

Such weak influence upon managerial decisions on the plant level failed to satisfy the "planners." They had hoped to resolve the conflict between planning and individual freedom, between freedom and order,<sup>8</sup> by a system of "democratic planning." The potential inefficiency, inequity, and political dangers of central planning were to be mitigated by industrial self-government, by giving individuals and groups a voice in the formation and administration of the plan. In such a system the works council had been assigned a very definite role, as one of the various means of offsetting bureaucratic and central direction from above. Deprived of any direction and support by a planning organism,<sup>9</sup> or by the unions—which had increasingly to turn their attention to the unemployment problem—the works council proved too weak to exert any influence upon managerial decisions in economic or financial matters. Where it did not succumb to the employer influence, it led a rather shadowy existence in the late years of the Weimar republic, until the National Socialist regime all but terminated the little influence this institution had in the shaping of industrial relations. The Nazi labor code introduced the leadership principle.<sup>10</sup> The employer—the leader—reigned supreme. The workers—his followers—could merely offer advice through a representative committee of "men of their confidence." The leadership principle excluded any sharing of the power to make decisions.

Germany's second military defeat and the occupation removed the National Socialist labor code. After twelve years of Nazi suppression, labor threw itself into the double task of physically reconstructing the German economy and reorganizing the society.

<sup>8</sup> See Eduard Heimann, *Freedom and Order* (New York 1948).

<sup>9</sup> Codetermination on the enterprise level was held ineffective unless labor participated also in economic chambers and other national economic agencies, which would direct and support the works council. See Lothar Erdmann in *Arbeit* (1926) pp. 315, 379, and 641.

<sup>10</sup> "Gesetz zur Ordnung der nationalen Arbeit," 20 January 1934, in *Reichsgesetzblatt*, 1934, vol. 1, p. 45.

It decided upon codetermination—joint management, not mere consultation—as one of the major principles of organization. Labor's right to share, on equal terms with the employer, in the management of the enterprise and the direction of the economy found solemn expression in nearly all constitutions of the various German states, the "Länder." In all zones of occupation, provisions like the following, taken from the Bavarian Constitution, were passed: <sup>11</sup> "In all economic enterprises, employees have the right to participate in matters affecting them. In all undertakings of considerable importance, they have direct influence on the policy and management of the business. For this purpose, works councils are formed in accordance with the provisions of a special law. This law also contains provisions for the participation of the works council in the appointment and dismissal of employees. . . . Workers participate in the solution of economic problems as equally qualified members of the economy, along with others who are active in it."

With a few exceptions, most labor courts saw in such constitutional provisions not laws which could be directly applied, but mere programmatic provisions which required legal implementation in order to become operative. In the meantime, without waiting for the law to catch up with the realities of industrial life, works councils had arisen again in many plants. They were among the first institutions representing the collective interests of labor to be revived and to receive approval from the occupying powers. In the American Zone the amendment to the Technical Manual for Labor Officers, of 18 August 1945,<sup>12</sup> sanctioned the

<sup>11</sup> Bavarian Constitution of 26 October 1946, Arts. 175 and 176. Similar provisions are contained in the constitutions of other German Länder. In Western Germany they are: Hesse, Art. 37; Württemberg-Baden, Art. 22; Bremen, Art. 47/1,2; Baden, Art. 39; Rheinland-Pfalz, Art. 67; Württemberg-Hohenzollern, Art. 96; Nord Rhein-Westphalen, Art. 26; and Berlin, Art. 17. In the Soviet Zone they are: Brandenburg, Art. 5; Mecklenburg, Art. 17; Sachsen, Art. 18; Sachsen-Anhalt, Art. 19. The constitution of the German Federal Republic, the basic law of 23 May 1949, contains no such provision.

<sup>12</sup> Paragraphs 2a and 2b, pp. 1-2; see also Change No. 1 (5 November 1945) p. 1, paragraph 1.

election of shop stewards by secret ballot; the stewards were "to represent all employees in a plant, a trade, or a department within a plant, for the purpose of negotiating with an employer for the settlement of grievances between the workers and the management." The quadripartite Allied Control Council Law no. 22 of 10 April 1946 enlarged the works council's area of activities. This institution was to represent the occupational, economic, and social interests of workers and salaried employees. Article V listed its principal rights and duties, and restored approximately the traditional range of works-council activities.

Since Law 22 did not explicitly provide for labor participation in management, the question arose whether it precluded the realization of labor's demands for joint managerial control. With a great deal of sophistry the German writers concluded that the catalogue of topics enumerated in Article V of the law was not exhaustive.<sup>13</sup> Two procedures, therefore, seemed open to labor: to use its bargaining power and write its demands into shop agreements; or to use its political power in the various Länder to obtain legislation incorporating its demands. In very few, but significant, cases labor used the first procedure, in accordance with the spirit of Law 22.<sup>14</sup> German legal tradition tended toward the second, the legalistic approach. The German Länder passed in short order a considerable number of works-council laws. They were all more or less fashioned after the law of 4 February 1920, but they greatly increased the works council's power to share in the management of the enterprise.<sup>15</sup>

<sup>13</sup> See *Arbeit und Sozialrecht*, Mitteilungen des Arbeitsministeriums Württemberg-Baden (July 1948) pp. 162, 193.

<sup>14</sup> The shop agreement concluded between the works council and the Allgemeine Elektrizitäts Gesellschaft of Berlin (25 October 1946) substantially enlarged labor's rights over those contained in the law of 4 February 1920.

<sup>15</sup> The Rheinland-Pfalz decree and the Württemberg-Hohenzollern law even maintain the numerical order of the Weimar law, inserting new matters under subheadings. The purpose was to facilitate the administration of the law and to promote national uniformity. Of the others, the Hessian and the related Bremen law, as well as the laws of Württemberg-Baden, Schleswig-Holstein, and Baden, depart considerably from the law of 4 February 1920. The Bavarian law, the latest of the series, leans heavily on the Weimar legislation.

In the "personal codetermination" area—that is, in matters directly affecting employment status—the most outstanding changes were the extension of effective participation to include hiring as well as dismissal, and a greatly enlarged right to inspect personnel records. Relatively little change was made in labor participation in welfare schemes, or in the many other matters ordinarily summarized under the term "social codetermination." The most revolutionary changes occurred in the "economic codetermination" area.

Here labor sought a voice in the shaping of business policy in general—in its whole gamut of production, sales, purchasing, and investment decisions. The works council received very extensive rights of co-decision in the so-called "issues of fundamental interest to labor," that is, decisions on matters directly affecting the employment outlook and the conditions of work: changes in the purpose of the enterprise or its installations; changes in the purchase, production, or sales policy which were likely to change the structure of the enterprise; introduction of new working methods; essential changes in the size of the enterprise caused by restriction of operations, mergers, shut-downs, or the like. A lesser degree of labor participation was provided for in the formulation of production, investment, and financing programs, in the disposition of profits, and other related matters. To exercise its right to participate, the works council was to receive from management frequent and detailed information, and was to be represented on the control board (supervisory board) of corporations.

In the aforementioned matters of "fundamental interest to labor" the works council achieved more than the right to be informed, to be heard, and to be consulted. There these three forms of labor collaboration (*Mitwirkungsrecht*) gave way to codetermination (*Mitbestimmungsrecht*). In its most extreme form codetermination means joint management, and implies that capital cannot reach any decision in the affected areas without labor consent. A slightly weaker version gives labor the right to veto management's decisions. The veto is particularly effective



if it suspends managerial acts, and if the law declares unilateral actions of management to be null and void. In all cases of co-decision the laws provided for outside arbitration to decide deadlocked issues.

This far-reaching power to object to, veto, or otherwise interfere with managerial decisions transcends the confines of industrial relations as they had traditionally been understood in Germany. Nobody doubted that economic codetermination represented a departure from the existing economic system, and the prospect raised high hopes in some quarters and deep concern in others. In view of the seriousness of the matter, General Lucius D. Clay, the first United States High Commissioner, felt that the Hesse and Württemberg-Baden laws, which contained the most advanced type of provisions, should not prejudge an issue that ought to be decided by the entire population of Western Germany. Consequently, on 3 September 1948, he suspended the codetermination provisions of these two laws. Under the influence of this action, Bremen omitted the subject from its pending works-council law.

The establishment of the German Federal Republic opened the road for a general settlement of this issue. The constitution of 23 May 1949 gave the federal government concurrent legislative powers with the Länder in labor matters (Article 74). Once a federal law was passed, it was to supersede state law (Article 31), and thus state law no longer precluded and prejudged a federal regulation of "economic codetermination." Consequently, on 7 April 1950, John J. McCloy, who had succeeded General Clay, lifted the suspension order, and thereafter Hesse and Württemberg-Baden reactivated their economic codetermination provisions. In the French Zone, in Württemberg-Hohenzollern and Baden, the development paralleled that in the American Zone.<sup>16</sup>

<sup>16</sup> The lifting of the suspension order by the occupation authorities did not, however, result in an immediate application of "economic codetermination" in the Länder. In view of the impending settlement of this issue by federal legislation, neither labor nor management was eager to create precedents that might endanger its position in the struggle on the federal level. With the exception of Hesse the Länder were slow to promulgate the necessary implementing laws.

The fight for a federal codetermination law was on. The issues involved will be described presently, but first a brief outline of 1950-51 developments seems desirable.

In the hope that the interested parties would reach an agreement that could serve as a basis for the law, Labor Minister Storch called for a series of meetings between the unions and the employer associations. Conferences in Hattenheim (9-10 January, 30-31 March 1950) were unsuccessful, but clarified the respective positions. On 14 April 1950 the German Federation of Labor (DGB) published its proposals for a "Reorganization of the German Economy." In May it produced a draft law, and at the same time replied to employer criticism. Minister Storch convened new meetings in Bonn on 24 May, 2, 9, and 23 June, but neither these meetings nor those held in the Maria Laach Monastery on 5 and 6 July 1950 succeeded in settling all the differences. There were two main areas of disagreement: the size and type of labor representation on the control board; and the relationship between the "economic chambers," in which labor sought participation, and the chambers of commerce and industry. In July the Social Democratic Party filed a bill with the federal legislature which was substantially identical to the DGB proposal. Meanwhile, in May, the Christian Democratic Union had submitted a related works-council bill, which served as a basis for an administration draft which followed in the fall of that year.

The issue appeared likely to become sidetracked in committees, but interest revived in December 1950 when, in connection with the Schuman plan, the reorganization of the German coal and steel industries, and their release from Allied control into German custody, were under discussion. Through the DGB organized labor had a 50-percent participation in the control boards of the decartellized steel companies. For each company it also nominated a "labor director," who managed the enterprise in conjunction with a "business" and a "technical" director. To maintain this structure in the steel industry, and to extend it to the coal

industry, became a major goal of German labor. Under the threat of a strike in both industries, representatives of the coal and steel interests and the DGB reached on 25-27 January 1951 an agreement on the principles which a few months later (10-19 April 1951) formed the basis for the codetermination law pertaining to coal and steel.

Labor has made no secret of its hope to extend this pattern to other industries. The chemical industry, where the problems of decartellizing the I.G. Farben empire demanded an early solution, was to be the next target. Another opportunity for codetermination demands occurred in connection with the reorganization of the government-owned railroads. This raised the problem of the degree to which labor participation in government service and nationalized industries could be granted. Labor received one-third representation on the railroad governing board, but neither equal voting power nor a labor director. This was a disappointing development, and German labor renewed its campaign for a generally applicable codetermination law, in accord with its earlier proposals.

*Labor's Plan for "Reorganization of the German Economy"*

The DGB proposal is divided into two major parts. The first concerns codetermination on the enterprise level, and the second deals with labor participation in policymaking economic agencies.

Part I proposes two mechanisms for the exercise of labor's right to participate in the management of the enterprise: labor representation on the company control boards; and joint labor-management committees. Control-board representation varies between large (300 and more employees, or capital in excess of 3 million marks) and smaller firms. In the large enterprises labor demands 50 percent of the seats on the control boards, with half of labor's representatives taken from the Federation of Labor and the constituent unions, the other half from the personnel and the works council. The DGB nominates all labor delegates, but may delegate the nomination power to its subdivisions. In middle-size

firms (20 to 300 employees) two works-council members represent the interests of labor on the control board. As a further safeguard of labor's interests, a majority of the labor vote is required for the appointment of those managerial employees who are in charge of or execute personnel-relations policy.

In the proposed joint labor-management ("economic") committee, which is demanded for all enterprises with more than 20 employees, one-half of the membership consists of employees of the enterprise, designated by the works council with the cooperation of the union. The other half is nominated by management. This committee is to meet at least monthly, and to receive pertinent information on all business and production matters. It deals with the full range of economic and social problems arising in the enterprise. In case of disagreement between management and committee, the decision rests with the control board. In the absence of a control board—in enterprises of 100 to 300 employees—the various chambers provided in Part II of the proposal decide disputes of "fundamental interest to labor" (such as change of purpose, volume of production, relocation of plant, merger). Until such a decision is reached the joint committee's veto suspends the managerial action.

Part II proposes a 50-percent labor representation in two types of economic agencies: in regional and industry-wide "Economic, Handicraft, and Agricultural Chambers"; and in "Economic Councils" advisory to the legislature. The chambers in the first group are conceived as autonomous organs of self-government, to which the government would delegate certain police powers. The components of the second group—consisting of optional economic councils on the land level, and of a mandatory Federal Economic Council (which at the time of this writing seems nearest to realization)—advise the state, that is, the federal legislature and executive; they initiate legislation and generally promote the economic and social development of the nation.

Revolutionary as the DGB proposal appears, it has firm roots in the German tradition. It renews the drive for "economic

democracy," the still-born child of the Weimar Constitution, and it adopts from the old works-council laws its goal of "economic codetermination" and its control-board provisions. Inspired by experience in the decartellized steel industry, labor—no longer satisfied with mere representation, with an opportunity of being heard—now demands a full partnership, a 50-percent participation in the key industries, to be exercised primarily by the union and the federation. Consultation is rejected in favor of joint management. It is indeed an attempt to reorganize the German economy.

As was evident in the discussions in Hattenheim, Bonn, and Maria Laach, a basic issue is the demand for strong union representation on the control boards of key undertakings.<sup>17</sup> German organized labor believes it has convincing evidence that national economic policy originates in a relatively small number of large enterprises which exercise their power either directly, by economic and political means, or indirectly, by their control of trade and employer associations, chambers of commerce and industry, and other economic institutions. In these key undertakings labor seeks to gain incontrovertible influence over the decision-making organs, the control boards, and thereby also over the selection of the company officials. Such influence would give labor a voice in determining not only employment, wage, and personnel policies but also policies regarding investment, credit, production, and the like—in short, all general business-policy decisions. This extensive influence is demanded not merely in the interest of labor but in the interest of the nation. Labor has confidence neither in the ability of the free-enterprise system and its checks by competition,

<sup>17</sup> A heated debate occurred over the borderline between firms in key positions and others. Labor held out for placing the limit at 300 employees, but management representatives succeeded in fixing the limit at 1000 employees in the steel and coal industries. Even this rule subjects all but one steel-and-iron producing firm to codetermination. In the equally concentrated iron-ore-mining industry, 5 out of 18 mines fall under the law, but these 5 produce over four-fifths of the total output. The 44 anthracite units which satisfy the 1000 employee requirement (out of 75) are responsible for 99 percent of total production. And the 11 similarly qualified lignite producers (out of 41) represent about 90 percent of total output. See Joachim Schöne in *Gewerkschaftliche Monatshefte* (July 1951) p. 394.

nor in the ability and integrity of the government to curb capitalist self-interest sufficiently to produce the greatest benefit for the greatest number.

Because of the importance labor assigns to its representation on the control boards, the DGB proposal seeks to prevent a shifting of the traditional control-board powers to other power centers beyond the control of legislation. To be sure, it is doubtful whether mere legislation can prevent a hostile management from using the great variety of methods at its disposal to turn the few statutory control-board meetings into harmless gatherings. But strong labor representation could avert some evasive manoeuvres. A 50-percent vote could probably prevent the sidetracking of important decisions into subcommittees, in which labor was not represented. It might lead to more frequent board meetings, with a full discussion of important decisions. More intelligible financial reports might result. Private meetings of the management representatives on the control boards, outside or preceding the regular sessions, might lose some of their effectiveness in emasculating the control-board powers and neutralizing the labor vote. A 50-percent vote would give labor a chance to use the inevitable deadlocks to bargain for economic gains and for company officers acceptable to labor.

The DGB is fully aware of the difficulties of obtaining the same control-board vote for labor in all industries. Besides, German labor realizes what problems are created by the principle of 50-percent representation. The effectiveness of labor participation depends more on the caliber of the delegates, and the ability and willingness of the labor movement to support the position of its delegates by the usual economic and political methods, than upon the question of mere numerical voting strength. As far as the quality of the delegates is concerned, German labor, in the first place, has had to counter the employers' wholesale denial of labor's competence. The DGB points out that qualified candidates are sure to be found among its five and one-half million members, embracing all types of employees, from the machine-



minder to the managing director. The federation points also to its large educational program, in which great numbers of members are prepared for the tasks that codetermination may entail.<sup>18</sup> On the other hand, the DGB is painfully aware of the fact that for the present only a handful of qualified men, who can only with difficulty be spared from regular union tasks, is available. To avoid a disastrous depletion of the ranks of labor leaders, it is proposed that outside experts—accountants, engineers, economists, statisticians, lawyers, and the like—act as representatives of labor's interest, a rather problematic device.<sup>19</sup>

The question whether labor should be represented by its elected personnel delegates or by union officials was a difficult one to handle. Important as personnel and works-council representation on the control board is, the task of representing labor interests in the wider sense cannot be left exclusively in the hands of these delegates. The works-council member's intimate knowledge of the undertaking needs to be complemented by the wider experience and proved competence of the economically independent union official. The latter's presence and advice may prevent insignificant disputes, based only on clashing personalities or the attitude of an occasional radical works-council chairman, from endangering the realization of important labor goals. Where a strong and skilful employer succeeds in turning the works council

<sup>18</sup> The DGB spent 2.5 million marks (\$600,000) per year on an estimated total of 1000 local union courses, seven federal schools, and contributions to the three labor universities (Akademie der Arbeit, in Frankfurt, Sozialakademie, in Dortmund, and Akademie für Gemeinwirtschaft, in Hamburg); the major unions have, in addition, their own training centers. In Nord Rhein-Westphalen alone, the DGB educational program covered 4000 students in the first semester of 1950; of these, 2000 prepared themselves for future assignments under codetermination in 70 classes with 43 to 48 double lessons over a period of four months.

<sup>19</sup> Experience with the French works-council law, which like the Hessian law permits labor to engage the aid of certified public accountants at company expense, was disappointing for labor. As independent professionals, these experts cannot often afford to alienate past and future management clients. Professional ethics discourages spectacular attacks on the work of their colleagues who prepared financial statements on behalf of management. Besides, the employment of expert talent by labor to check on the work of experts hired by management raises the question of social waste.

into a company union, worker interests are not adequately represented; they suffer equally where the works council rightly or wrongly identifies the interests of the workers with those of the enterprise to such an extent that it is willing to put company welfare before the needs of the union and the labor movement. It is in order to avoid any possible conflict between works council and union, union and federation, that the DGB proposal divides the labor representation equally among all three groups.

As the reservoir of competent delegates increases, as experience with codetermination accumulates and the labor movement waxes stronger, insistence upon the 50-percent representation may weaken. For the time being, however, all efforts are bent on justifying this magic figure.

The argument for it rests upon the theory of equality of labor and capital, and the "social partnership" concept. It is held that the worker's dignity and value entitle him to a share in the management of the economy; and that since the human factor and the means of production are equally necessary agents of production they should be equal partners in the production process. Equal partners have equal rights to decide not only their mutual relations but also all other matters affecting the status of the common enterprise. All operational decisions, whether they concern production, the market, or profits and investment, ultimately have repercussions on the employment and job security of the employed personnel, and of labor in general. Those who participate with the owners of capital in carrying the risk of the enterprise—in this case, the risk of reduction in pay and loss of job—are equally entitled to participate in the formation of major business decisions. Only a 50-percent share satisfies the principle of equality.

On the other side, management maintains that the "equal rights" theory fails to give due weight to entrepreneurial initiative, or to the difference in risks carried by capital and by labor, and that it is incompatible with the principles of a free-market economy. It contends, too, that the principles of political democracy

cannot be transferred to business management, that the selection of business leaders by vote has never worked anywhere, not in Soviet Russia and not in Soviet Germany; that collective, dual management is an impossibility. Codetermination is branded as an attempt to achieve a socialist economy, undertaken because Allied occupation prevented a revolution, and because on the federal level the voters have so far denied a majority to the Social Democratic Party; a 50-percent labor participation in chambers and councils is construed as the first step toward the erection of planning agencies.

Further along this line, management maintains that if labor wins parity with capital on all points of the German economy where important economic decisions are made, private ownership becomes a meaningless shell. Its substance, control over the means of production, has then to be shared with the German Federation of Labor. A unified labor movement, able to direct the actions of all labor representatives in works councils, joint committees, control boards, chambers, and economic councils, would have such an advantage over any single employer that he, his enterprise, and the total economy would become mere tools in the hands of the labor monopoly. The end result would then be not a planned economy in the accepted sense, but an economy directed by and for organized labor. All the economic information collected in thousands of enterprises would be transmitted to the DGB's economic institute, the future central planning board of this "laboristic society." A handful of men who have the confidence of a small part of the working population (39 percent of the industrial workers are organized in the DGB) would direct the economic fate of 48 million Germans. Political democracy could not survive DGB dictatorship. The DGB itself would become the first target of communism.

#### *Ideological Roots of Codetermination*

This juxtaposition of labor's and management's positions poses squarely the question of how the drive for codetermination is to

be interpreted. Is it in fact the first step toward communism? Is it, in the words of Clark Kerr, "an attempt on a grand scale to socialize power without socializing ownership," a procedure "to seize authority from the employer without conferring it on the state"? Is it a step in the development of a corporate state, or of an economy based on the teachings of the Catholic church? Does it represent the victory of the Catholic wing over the socialist forces in the German labor movement? Is it a revival of syndicalist tendencies? Is it merely an adaptation to German conditions of the Anglo-American concept of joint union-management production committees (which operate in a capitalist economy)? Has an over-aged and unimaginative leadership of an ideologically embarrassed labor movement decided to resurrect Article 165 of the Weimar Constitution, and to present this warmed-up idea as the new union slogan, or has a new concept rallying all workers been created?

Codetermination springs from all these sources. It carries the seeds for the realization of most of these trends, leaving it to the future to make the selection. As a corollary, codetermination cannot be satisfactorily explained by relating it to any single doctrine. Divergent lines of thinking have been merged in a series of proposals for recasting the structure of private enterprise and economic institutions, and their distinctive characteristics have been blurred. A vague new social myth is being created, promising much to many. Codetermination has become indeed the new creed of the unified German labor movement. It replaces the outworn Marxist slogans of the prewar socialist unions, which would no longer fit the new German Federation of Labor, now embracing organized workers of all political and religious affiliations.

Codetermination has been advocated as a means of assuring society that business enterprise will not be carried on as a private means of livelihood for its owner, but essentially as a public service in the community interest. The interest of the community, it is held, requires that labor wield its influence in the enterprises to assure "socially necessary" as against merely "profitable" produc-

tion; to prevent overinvestment and thereby reduce cyclical disturbances; to reduce "excess profits" in favor of low prices; and to prevent the suppression of innovations. These are typical arguments of the partisans of a planned economy. And it is true that economic planning represents one plank in the overall program that has been proposed by the German Federation of Labor.<sup>20</sup> The proposal to "reorganize the German economy" tends toward an economic system in which organized labor and employers would collaborate in the formation and administration of an economic plan.<sup>21</sup>

Nevertheless the drive for codetermination has nothing to do with Marxism or communism. Communist theory and practice have never—except in the initial revolutionary phase—permitted labor to interfere with the sole authority of the single plant manager; he alone carries the responsibility. As in Russia, Poland, and Czechoslovakia, communism in the Eastern Zone of Germany suppressed the workers' codetermination rights, acquired there after 1945.<sup>22</sup> In consequence, West German labor sees in codeter-

<sup>20</sup> Economic planning, social justice, and full employment were proclaimed among the principal goals of German unionism in the constituent congress held in Munich, October 1949.

<sup>21</sup> See Bruno Broecker, *Wirtschaftliche Mitbestimmung der Betriebsräte* (Stuttgart 1948) pp. 8, 38; Max Ehrhardt, *Um das Mitbestimmungsrecht der Betriebsräte*, 2nd ed. (Stuttgart 1949) pp. 4-5.

<sup>22</sup> Originally the East German works councils had extensive participation rights (*Süddeutsche Juristenzeitung*, 1947, p. 106), but as early as 6 June 1947 a Soviet Military Directive, No. 128, for Thuringia, restored the sole right of the manager in nationalized enterprises: "The director is to be freed from pettish tutelary interferences and from the meddling of the irresponsible works council in the settling of production problems." The Labor Code of the German Democratic Republic of 19 April 1950 (paragraphs 6-9) suppressed the works council in favor of the union plant local. In the nationalized undertakings the director carries the full responsibility for the accomplishment of the production plan, for the observance of protective labor legislation, and the like. The plant local cooperates, but does not codetermine, with management in questions of labor productivity, conditions of work, the use and distribution of the director's fund. Only in the constantly shrinking number of privately-owned enterprises is there room for the exercise of personal and social codetermination by means of the shop agreement. Economic codetermination is not mentioned in the law. See International Labour Office, *Industry and Labour*, vol. 4 (Geneva 1950) p. 214; Otto Stammer in *Gewerkschaftliche Monatshefte* (June 1950) pp. 250-54.

mination the *democratic* solution of the industrial-relations problem in a free Germany. It sees in it a means of giving labor a stake in the economic life of the nation, of recognizing its equal rights with capital in the internal organization of the enterprise and the economic institutions of society.

Codetermination is also independent of union demands for nationalization of the basic industries. That demand is a trade-union tenet which found recognition in some of the constitutions of the German Länder. Experience with the nationalized enterprises and Russian-owned corporations in the Eastern Zone, where poorly paid workers are basically without adequate representation, has led German labor to demand codetermination, as an offset to central bureaucratic state ownership, in nationalized industries as well as in private undertakings.

To advocates of democratic economic planning, labor participation in management and in planning agencies is desirable, but raises the problem of syndicalism. The planned economy, they maintain, must be able to resolve conflicts between the interests of particular groups and the interests of the community. There exists a potential disparity between labor and national aims, and the planners are by no means certain that labor will show sufficient consideration for the problems of consumers in general, for the needs of the many who receive some financial support from the state, for the problem of rapid economic reconstruction, for agricultural problems—in short, for any economic policy which is incompatible with maximum gratification of labor demands. There is no guarantee, they say, that labor will not abuse for its own ends the decisive influence provided it by 50-percent participation in the management of enterprises and in planning agencies. As a consequence, a number of writers in this camp are taking a somewhat reserved view of codetermination, and would like to modify its goals in a way that would narrow its field of application considerably.

Codetermination has received substantial impetus from the churches. Both Catholicism and Protestantism criticize present-



day industrial society for its violation of the dignity of the worker as a human being created in the image of the Lord. German Catholic leaders have recommended various means of improving the worker's status, such as increased social-welfare activities, profitsharing, producer cooperatives, but also co-ownership and codetermination. Catholic employers and unionists advocated in Bochum, on 31 August 1949, the replacement of the existing economic system by one in which man would assume the role which the Maker intended for him. To restore the position of man as the center of economic life, codetermination in personal, social, and economic matters was to become the basic principle of industrial relations. This was a demand for social justice, for a natural right in the God-ordained order. To call codetermination a natural right in the structure of the universe, to claim for it the character of a principle binding in conscience for all Catholics, represented an almost revolutionary extension of the Papal encyclicals *Rerum Novarum* and *Quadragesimo Anno*.<sup>23</sup>

To avoid a split in the Christian Democratic Union, Cardinal Frings, Archbishop of Cologne, one of the participants at Bochum, found it necessary to state that the Bochum declaration merely reiterated the more moderate stand he had previously taken.<sup>24</sup> The Bochum natural-rights doctrine was considered so potentially dangerous for industrial relations in the rest of the world, particularly in France and Italy, that Pope Pius XII took a stand on this matter at the occasion of the Congress of Catholic Social Studies of 3 June 1950 in Rome. His letter, written in French to assure maximum distribution (*Osservatore Romano*, 4 June 1950), could almost be interpreted as a rejection of codetermination, and certainly as a refutation of the view that it originated in natural

<sup>23</sup> Pope Leo XIII's encyclical *Rerum Novarum* of 1891 (on the condition of the workers) and Pope Pius XI's encyclical *Quadragesimo Anno* of 1931 (on reconstruction of the social order) are authoritative Papal pronouncements on matters of morals, but not infallible statements made "ex cathedra."

<sup>24</sup> See P. Welty in *Verantwortung und Mitverantwortung in der Wirtschaft*, ed. by Joseph Cardinal Frings (Cologne 1949); also Nell-Breuning, *Mitbestimmung*, and J. David, *Der Arbeitnehmer nach Katholischer Soziallehre* (Eichstätt 1950).

law.<sup>25</sup> A heated debate as to the interpretation of the papal pronouncement, and the consequences that might be expected from it, ensued.

For the Catholic writers, labor participation in the management of enterprises was only a part of a larger plan to reform society. After *Quadragesimo Anno* they looked toward a neo-Thomasian society in which employers and workers would cooperate at all levels and determine their relations free from outside (state or party) influence, in a corporate, guild-like social order. The Protestant church did not concern itself to the same extent with a total reform of society. On various occasions Protestant employers and unions had given support to the idea of granting labor a greater share in the direction of industrial relations and economic operations, but Protestant literature is more concerned with worker and works-council participation in industrial management than with union participation in the conduct of business operations and in governmental agencies.<sup>26</sup> Dissenting Protestant

<sup>25</sup> The pope warned against a type of labor legislation that would discourage private property from taking the initiative and the responsibility for its action. Codetermination presents this danger, he held, particularly if it should open the way for organizations outside the enterprise—directly or indirectly—to control managerial decisions. "Pareil danger se présente également lorsqu'on exige que les salariés, appartenant à une entreprise, aient le droit de co-gestion économique, notamment quand l'exercice de ce droit relève, en fait, directement ou indirectement, d'organisations dirigées en dehors de l'entreprise. Or, ni la nature du contrat du travail, ni la nature de l'entreprise ne comportent nécessairement par elles-mêmes un droit de cette sorte [*Quadragesimo Anno* not merely stressed the basic equality of employers and workers as men under God, but also showed how this equality can be realized] . . . le droit de co-gestion économique que l'on réclame, est hors du champ de ces possibles réalisations." On 1 July 1950, after the papal letter, B. Pfister in *Mitbestimmungsrecht* opposed codetermination, and at the Gelsenkirchen meeting of 14–16 July the Catholic worker movement, probably under the influence of the papal statement, supported codetermination but made the following reservations: on the plant level, codetermination has to take into account the worker's capacity to accept and implement responsibility; in no circumstances should participation be exercised by groups outside the enterprise, by giant power and special-interest groups; nor should it be a step toward collectivizing the economy and social life.

<sup>26</sup> See *Herrmansburger Gespräche*, 21–23 October 1950; Eberhard Müller, *Recht und Gerechtigkeit in der Mitbestimmung, Ein evangelischer Ratschlag* (Stuttgart 1950).

opinions concerning the basic goals of codetermination have also been advanced.<sup>27</sup>

Christian thought in Germany finds political expression in the Christian Democratic Union (CDU), which is the leading political party in the federal government coalition, and represents a combination of the conservative vote with the vote of a considerable number of Catholic workers. Codetermination, along with decartellization and nationalization of coal and steel, was part of the party's left-wing Ahlen program of 1-3 February 1947. The church's emphasis upon man's, as against unions', role in the economy colors the CDU codetermination bill of May 1950, as it does also the closely related administration bill, which was submitted in the fall of that year. Both are basically works-council laws. Both fail to provide for *direct* union or DGB participation in the management of the enterprise. Nor is labor participation in economic chambers or councils provided. The two methods of participation—joint labor-management committees, and representation on the control boards—are retained, but in regard to function and composition they differ greatly from the DGB proposal. The principle of personnel representation replaces union participation, with the number of personnel delegates reduced to one-third of the control-board membership. In these bills co-management turns into consultation. Outside arbitration is to settle cases of "fundamental interest to labor." Nothing is left of the idea of a guild-like corporate society.

Other ideological influences are certainly discernible. Thus codetermination carries some overtones of the guild-socialist syndicalism of G. D. H. Cole and the British union of post-office workers. The historical development of the proposal for joint labor-management committees shows the influence of American

<sup>27</sup> See Hans Zehrer, "Kalte Sozialisierung?" in *Sonntagsblatt*, no. 19 (7 May 1950); "Die goldene Stunde der deutschen Wirtschaft—verpasst?" in *Christ und Welt*, no. 26 (24 June 1950); "Fassaden oder Fundamente," *ibid.*, no. 27 (6 July 1950). For a summary of church opinion favorable to the employer viewpoint see Waldemar Zimmermann, "Das Mitbestimmungsrecht in kirchlich christlicher Sicht," in *Der Arbeitgeber*, nos. 9, 10 (1951).

and British joint production committees.<sup>28</sup> Postwar legislation in several western European countries has also influenced the effort to achieve labor participation in economic chambers and councils in the Weimar tradition.<sup>29</sup>

*Labor's and Employers' Attitudes*

These ideological influences, however, do not fully explain the popularity of the codetermination drive with unions and workers. Neither group is interested in assuming management functions; primarily they seek to acquire status in the industrial society, and hope to check unilateral managerial actions. The desire to control management derives from fear, from the need for protection against the economically stronger employer, and not from a lust for power. Fear of managerial actions which may adversely affect the workers' livelihood underlies the demand for a veto in the cases of "fundamental interest to labor." Fear, uncertainty, and suspicion cause the demand for periodical and detailed information. Fear that "personnel" and "social" codetermination will remain meaningless phrases as long as the employer can plead inability to pay explains the demand for a scrutiny of the balance sheet and the profit-and-loss statement for "hidden profits," and for control of the utilization of profits. Fear that nominal wage raises may turn into a reduction of labor's real income, as a result of wages lagging behind prices, provides another powerful support for codetermination. Convinced of the present government's unwillingness and inability to control prices, labor considers codetermination an indispensable complement to collective bargaining.

Codetermination is expected to prevent monopolies, cartels, and trusts from exploiting the worker-consumer. The DGB has little sympathy for the American occupation policy of decartellization,

<sup>28</sup> In one of the first discussion documents prepared by the DGB's economic institute, the labor-management committees are called "production committees"; see Release of 23 December 1949, pp. 20-24.

<sup>29</sup> *Ibid.*, p. 17. The authors were especially inspired by the Belgian legislation.

and of applying to the German economy the ideas associated in this country with the Sherman Act.<sup>30</sup> It believes that labor participation in the management of these concentrations would allow the German economy to reap the advantages of large-scale production by integrated companies without having to pay the price of consumer exploitation.<sup>31</sup> This concept of a labor, instead of government, regulated "public utility" results again from a fear that government, dominated by business interests, cannot be relied upon to protect the worker as a consumer, and from a conviction that only labor participation in the management of monopolies will be able to protect real wages.

"Industrial" or "economic" democracy has been held out as not merely the logical consequence of extending the principles of political democracy into the factory, but as indispensable for the survival of the democratic form of government. Thus codetermination is demanded not merely for economic but also for political reasons. Here, as in the economic field, it is fear—fear of a repetition of the political developments in Germany, in which labor suffered so much—which dominates the thinking of workers and of the unions. The German employers are charged with destroying the political democracy of the Weimar republic. Labor claims that even in the twenties, while consumer goods were still in short supply, German industry secretly produced arms, in violation of the treaty of Versailles and other international pacts. Industry is accused of having abused its economic power to breach labor's resistance by artificially creating and prolonging unemployment. It is contended that in order to eliminate labor's ability to oppose a policy leading to war and profits, industry financed National Socialism with money which rightly belonged to the workers. Consequently, German employers are held directly responsible for the sacrifices labor made under National Socialism and in the war, as well as for the

<sup>30</sup> See F. Grosse, "Gewerkschaften und Gesetz, No. 27," Bochum, 15 June 1950.

<sup>31</sup> See *Die Illusion des freien Wettbewerbs* (Cologne 1950); also *Welt der Arbeit*, 15 December 1950.

ensuing present misery.<sup>32</sup> Codetermination is the one institution which is held out as capable of preventing another period of unemployment and another war.

The fears which codetermination promises to allay are so generally held that the German Federation of Labor can count on the unstinted support of the workers in critical cases. For instance, when the maintenance of labor participation in the decartellized steel industry and its extension to the coal mines were endangered, over 90 percent of the steel and coal workers voted to strike and severed their employment contract with the company.<sup>33</sup> Rightly or wrongly the German worker sees in codetermination the hope of averting another economic and political disaster, a method of defending his economic and social interests. To him, labor participation connotes not the usurpation of economic power by organized labor, but merely an effective way in which the union can protect his life and livelihood.

<sup>32</sup> See John F. Cronin, "Joint Labor-Management Control of Industry, with Special Reference to the Views and Influences of the Christian Churches," mimeograph, Office of the U. S. High Commissioner for Germany, 7 May 1951, p. 15. Ruhr coal and steel receive a particular black mark in German labor's book of history. The coal mines of the Ruhr were the first major industry group which attempted to annul the gains labor had made after 1918. In October 1923 they unilaterally ordered the restoration of the prewar working hours of 8½ hours underground and 10-12 hours aboveground. In 1928 Ruhr steel refused to abide by an arbitral award concerning wages, and locked out close to 250,000 metalworkers. See Richard Seidel in *Gewerkschaftliche Monatshefte* (June 1951) pp. 300, 302.

<sup>33</sup> To sever long-standing employment contracts was no easy decision for the 193,000 steelworkers and 486,000 miners. But Labor Minister Storch's allegation that the strike was illegal, since it was designed to influence the legislature and not employers, left the DGB no choice but to ask the workers to terminate their employment relations by giving mass notice for the strike date. An opinion poll, administered in June 1950 by the private "Forschungsstelle für Volkspsychologie," Wiesbaden, revealed that 59 percent of the low-income groups favored codetermination. A sample survey undertaken in January 1951 by another private organization, the Institut für Demoskopie, Allensbach am Bodensee, revealed that although 69 percent of the workers favored some kind of participation, only 37 percent (48 percent of the industrial workers) asked for codetermination in the narrower sense, and only 18 percent (37 percent of the industrial wage-earners) demanded a voice in business decisions. But *Der Arbeitgeber* of 15 March 1951, pp. 18-19, is perhaps too rash in concluding that codetermination is a demand of unions and not of workers. The survey merely indicates that the DGB had not yet succeeded in clarifying the issues to the masses.



"Usurpation of economic power by the labor bosses" translates best, however, the preponderant feelings of the employers toward codetermination. Their opposition was slow to emerge, but it stiffened with the return to normal conditions. Immediately after Germany's unconditional surrender a few employers seemed to support codetermination.<sup>34</sup> Whether this resulted from religious conviction, from a genuine desire to rebuild a new Germany on "democratic" lines, or from management's economic and political vulnerability is open to debate. There were certain instances in which politically embarrassed employers felt that if organized labor were participating in management the result would be a useful front in negotiations with occupation authorities and left-wing German officials. To share certain managerial rights seemed to some a lesser evil than confiscation or nationalization of their property, after the East German example. When the currency reforms of 1948 improved the economic status of industry, when the power of communism in Western Germany had been broken, and when Allied occupation finally permitted the reforming of employer associations, employer resistance to any curb of its prerogatives crystallized.

Management was willing to reinstate the order of things as it existed before 1933. It felt able to cope with legislation along the lines of the works-council law of 4 February 1920, and did not dread a renewal of the "preliminary Reich Economic Council." Labor participation in the administration of all kinds of welfare schemes was even considered desirable by some employers. It improved morale, it reduced the area of friction, and it did not necessarily increase the cost of administration. In the "personal codetermination" field an extension of works-council influence to the hiring process was acceptable as long as it concerned merely coworkers and not managerial personnel. The main attack was directed against labor's demand to participate in entrepreneurial

<sup>34</sup> See *Mitteilungen des wirtschafts- wissenschaftlichen Instituts der Gewerkschaften* (January 1951) p. 9, for statements by Dr. Jarres (Klöckner Werke), Dr. Reusch and Dr. Hilbert (Gute Hoffnungshütte) of 18 January 1947, and for a letter of these two steel trusts and the Otto Wolf trust of 21 January 1947.

decisions going beyond the field of industrial relations, that is, against "economic codetermination" on the enterprise level. Labor participation in chambers and councils was viewed with greater equanimity, since these supra-enterprise agencies were to have merely advisory functions. Local economic chambers were opposed in so far as they were to supersede the existing "chambers of commerce and industry," historically an important stronghold of German employers.

Installation of joint labor-management committees in small enterprises was considered too cumbersome. In large enterprises purely consultative committees, with functions analogous to those established in many other countries, were, with certain reservations, accepted, because of a possible beneficial effect upon worker morale and productivity. Such desirable results were weighed against the interference with the speed with which business decisions must be reached, and against the danger involved in the revealing of business secrets, which consultation inevitably produces. The nature and volume of the information which management would have to submit to labor representatives was therefore considered of crucial significance. To surrender books, contracts, correspondence, cost and price calculations, and all payroll data was considered dangerous. The fact that the labor representatives would be required to keep the information secret did not allay the fear that the release of so many facts might have undesirable effects upon management relations with the unions, the state, and the business community (competitors, suppliers, customers, banks).

Management is opposed to giving the joint committees any control over management. Such an extension of their powers signifies, it is held, a demand for management's abdication. The entrepreneur would have to carry the financial responsibility for the actions of persons who are financially irresponsible, and whose interests at best coincide only partially with the interests of the enterprise. The employers find it unacceptable to submit managerial policy to the judgment of outsiders—union officials on the

control boards or a forum which lies completely outside the structure of the undertaking. Only in a planned economy could managerial freedom of action be replaced.<sup>35</sup> Labor representation on the control boards is not opposed in principle. Management would again be willing to accept two representatives of the works council, but here too it rejects representation by "outsiders," that is, by persons not on the company's payroll. Of course, the demand for 50-percent participation does not even offer a basis for discussion. The employers have made various efforts to reduce the percentage to at most one-third. To this end management has attempted to dilute labor's share by advocating the inclusion of a third group, the consumers or the government, as a representative of the public interest. Government inclusion would head off the lingering demand that key industries be nationalized.

#### *Codetermination in Steel and Coal*

In the steel and coal industries the struggle centered upon two principles: the 50-percent labor participation on the control boards; and labor participation in current business operations through the medium of a labor director. These two issues require separate discussion.

Since 17 January 1947 the German steel industry had been operating under the guidance of the Steel Trustee Association, the German bipartisan group created by the British North German Iron and Steel Control Board.<sup>36</sup> This organization administered the confiscated property of the old steel concerns which the Allied powers, according to the Potsdam Agreement of 2 August 1945, had dissolved. It consisted of seven representatives of the

<sup>35</sup> Professor Böhm, in an address to the Hessian legislature on 12 March 1948 (see Herbert Engler, *Das Hessische Betriebsräte Gesetz*, Offenbach a.M., July 1948, pp. 40-65), held economic codetermination incompatible with either a free market or a planned economy, maintaining that it fits only an economic system based upon producer cooperatives.

<sup>36</sup> The scheme adopted for the steel industry was greatly influenced by Heinrich Dinkelbach, a former director of the Vereinigte Stahlwerke who gained the approval of the British authorities, the steel interests, and the late DGB president, Hans Böckler; the latter delegated Heinrich Maier as the principal labor representative.

old owners and four representatives of the trade unions, and its chairman and members were appointed by the Allied "Steel Control Council," the successor of the North German Iron and Steel Control Board.

Out of the confiscated steel property were formed 24 operating, so-called "severance" companies, each equipped with a capital of 100,000 marks, and these leased their installations from the Steel Trustee Association. Each of the operating companies had a control board of eleven members, five from labor, five from industry, and a chairman. The five labor members were designated by the DGB, which chose one representative each from the blue-collar and white-collar employees, the metalworkers union, and the federation, and one labor-sympathetic representative of the public. Management was represented on these boards by three representatives of the old stockholders, one representative of the new management, normally a director in one of the other "severance" plants, and again one public representative. The chairmen of the 24 control boards were appointed by the Steel Trustee Association. Since each of the eleven trustees served as chairman of at least two control boards, and since four steel trustees were direct representatives of the DGB, labor had a majority of votes in approximately seven companies, a minority in the others.

On the basis of the accord of 25-27 January 1951, the federal legislature passed on 10-19 April a law intended to take effect not later than 31 December 1951, which continues the eleven-man control board in each of the newly reorganized decartellized steel plants, and extends this institution to the coal mines.<sup>37</sup> The law applies only to installations with more than 1000 employees. Management and labor are represented by five members each on the eleven-man control board. The five management delegates are directly elected by the stockholders. The five labor representatives are nominated by labor; these nominations need to be

<sup>37</sup> The law permits companies with a capital in excess of 20 million marks to provide in their charter for control boards of fifteen, and companies with a capital of more than 50 million marks to provide for twenty-one members.

ratified by the stockholders, but it is likely that the latter will generally find it expedient to confirm labor's choice.<sup>38</sup> On each side one of the five representatives is taken from public life, and must not be (or recently have been) connected with the labor or employer organization or the enterprise.

Two of the four remaining labor members—one a manual worker, the other a salaried employee—are designated from employees of the company by the works council, after consultation with the unions and the labor federations; they are the choice of the corresponding plant-worker and salaried-employee groups within the works council. The other two labor representatives are designated by the labor federations, according to their respective organizational strength in the company, and after consultation with the unions and the works council; one of these two nominees represents the union (the metalworkers or the miners), the other the federation. The federations may veto works-council nominees within two weeks after their election, on the ground that they are not sufficiently likely to act in a responsible manner in regard to the welfare of the company and the entire economy—a clause designed to prevent communists and Nazis from gaining office. If the works council, by simple majority, overrules the veto, the federations or the works council may request the Federal Ministry of Labor to make a final designation.

The real fight in the legislature turned on the selection of the eleventh member, who, although not necessarily the chairman, could hold the decisive vote in deadlocked issues. Shareholders and employees of the company, as well as persons connected with labor or employer associations, are precluded from holding this office. Like the other members of the control board, the eleventh member is voted upon by the stockholders, but here the law assigns to the stockholders various rights according to the circum-

<sup>38</sup> Although the law has not given labor the right of final unilateral designation of its delegates on the control board, the stockholders are not free to substitute their own choices. But the legislators have overlooked the need for provisions to cover the situation in which the stockholders reject the labor nominations. See Karl Fitting in *Bundesarbeitsblatt*, no. 5 (1951) p. 205, N. 15.

stances: in certain cases they have the right of ratification of a choice made by the control board; in the absence of such a control-board agreement, the stockholders may select an individual from a list of three nominees of a mediation committee; and in special circumstances they may themselves appoint an individual, with full freedom of selection. This complicated procedure, the result of a last-minute compromise of the political parties, retains for the stockholders a fair amount of freedom in the designation of the eleventh man.<sup>39</sup>

For labor much depends, therefore, on the composition and the attitude of the stockholder group. The DGB demands the nationalization of the basic industries, particularly of coal and steel. The Allied decartellization Law 27 leaves to the West German Federal Republic the decision regarding ownership of the new steel and coal units to which the assets of the former trusts and their successor severance companies have to be transferred. Nationalization seems to be far off. In the meantime, German labor fights against the return of the old steel and coal interests to power. This threatens to occur by way of the planned compensation of the former concern owners with stock in the new companies. To neutralize the power of this group, which can be

<sup>39</sup> If a nominee receives an absolute majority of control-board votes, and, in addition, at least three out of five votes from each of the two groups (management and labor), the stockholders may or may not ratify the choice. If the control board fails to agree, or if the stockholders reject the control board's choice, the two control-board groups designate a four-man, bipartisan mediation committee, which must submit to the stockholders, within one month, a list of three candidates. The stockholders can reject all three candidates for important reasons, which have to be stated. Their rejection is subject to court review. If the court finds the rejection unjustified, the stockholders must designate the eleventh man from the list. If the court upholds the stockholders, the mediation committee may submit a new slate of three. Should the stockholders reject also the new candidates, their decision can again be submitted to the court. Only if the court again upholds the stockholders, or if no names have been submitted to them, are they free to select the eleventh man themselves. Since it is easy to engineer a deadlock in the control board which continues in the mediation committee, the selection of the decisive eleventh member can in all critical cases devolve upon the shareholders. Labor was greatly disturbed when in only two out of the first ten cases in which new control boards had to be established, could agreement be reached in the selection of the eleventh man, while eight cases were contested.



expected to show little enthusiasm for codetermination, labor seeks to amend the law in such a way as to withhold from the stockholders the power of appointing the eleventh man.

Some indication as to the possible effects of the new legislation may be gained from experience during the last few years in the decartellized steel industry. The question whether labor had a majority or a minority of seats on the control board has not played an important role. Actually, issues very rarely came to a vote. Regardless of whether the chairman came from the labor or the management members of the Steel Trustee Association, most issues were decided unanimously, or left on the calendar until unanimity was achieved.

This unexpected development had several causes. Labor had not yet fully adapted itself to its new position, and was taking a cautious attitude. It was eager for codetermination in the steel industry to succeed, and it was basically in agreement with management in respect to immediate business policy—such matters as restoration of war-damaged production facilities, the halting of Allied dismantling, the extension of the Allied steel quota. And on the other side, the non-typical management group was not inclined to antagonize labor. The support of labor was important in the steel industry's relations with the Allied powers, the federal government, and the Rhineland-Westphalian officials. Labor's goodwill was obtained by conspicuous improvements of company welfare organizations. In spite of considerable communist influence, there was no strike of major proportions in this industry.

Harmony in the control-board meetings was further enhanced by the high caliber of the men that the two groups had nominated to the Steel Trustee Association. These men, as chairmen of the 24 control boards, contributed greatly to the success of the experiment. Moreover, since the wage level was determined first by government and later by collective bargaining, since production volume was fixed by the occupation authorities and the price controlled by government, the control board's agenda consisted in the main of questions of secondary importance, on which agree-

ment could relatively easily be reached. Rules of thumb were soon developed to guide the two parties in their respective attitudes. In one of the steel plants that this writer visited, the control board established the principle that one-third of the disposable earnings were to be used for the improvement of working conditions and welfare activities, leaving two-thirds for reconstruction and investment.

Labor points out that the 24 steel companies have not fared badly under this system.<sup>40</sup> Its argument is not fully convincing, since there are no indications of what the result of operations would have been with a different internal organization. It is true that in 1950 the increase in the iron and steel industry's productivity (42 percent) was greater than the industrial average (35 percent), and far greater than that of coal (10 percent). On the other hand, the productivity gain in iron and steel was less than that in industries in which labor was not represented on control boards, or at least not to the same extent—for example, vehicles (76 percent), optical and precision instruments (72 percent), and electrical equipment (52 percent).<sup>41</sup>

We come now to the second main issue in the codetermination struggle in steel and coal: the institution of labor director. According to the new law each steel or coal company is to be equipped with a labor director. A majority of the labor vote on the control board is required for his appointment or removal. The law remains silent on the total number of the other executive officers, and on the division of functions among them, leaving the settlement of these issues to the charter or the stockholder meeting.

Under the former system the labor directors in the 24 decartelized steel companies were in charge of the personnel department,

<sup>40</sup> In the period from 21 June 1948 to 30 September 1949 the Rheinische Röhrenwerke announced a profit of 43 million marks, the Eisenwerke Mülheim-Meiderich 11 million, the Gusstahlwerke Gelsenkirchen 2.2 million, and the Stahl- und Walzwerke Grossenbaum 6.5 million. In the same period these four enterprises invested, respectively, 13.5, 8.0, 1.5, and 5.5 million marks. See *Welt der Arbeit*, 8 December 1950, p. 2.

<sup>41</sup> Office of the U. S. High Commissioner for Germany, *5th Quarterly Report on Germany*, 1 October to 31 December 1950, pp. 92-93.

and had general administrative duties. With their two colleagues, the "business" and "technical" directors, they formed the managing board of the enterprise. Of the 24 labor directors only three had previously been employed by the union. All of them had been union members. Most had been employed in the plant, or at least in the steel industry, as foremen, vocational-training directors, department heads, accountants, supervisors, or even managers. Some had been works-council chairmen, nearly all had at some time been elected members of the works council.<sup>42</sup> The labor director received in general the same salary and other emoluments (house, car) as the two other managers.

In his daily work the labor director meets the union, the works council, and the workers as representative of the employer. Understandably this puts him in the difficult position of having to reconcile two conflicting loyalties. Works-council and union reaction to his attitude will determine his renomination by the union. His success as a personnel manager and the reaction of his two colleagues will influence the control board in the renewal of his contract. Workers are very apt to accuse him of having "sold out," and his managerial colleagues to deny his ability and status. The necessity of lending support to labor's representative may occasionally restrain the works council and union from an aggressive prosecution of worker demands, thereby creating dissatisfaction within the ranks. It is probably for these reasons that the DGB proposal for the "reorganization of the German economy" makes no reference to the labor director. But in spite of the inherent weakness and ambiguity of the position, several of the labor directors have been credited by workers and unions with achieving a favorable change in the social climate of the plant, with improving welfare institutions, and with facilitating company-wide wage adjustments.

Management is rather critical of the labor director. One extreme view sees in him the union spy, the union commissar.

<sup>42</sup> See Erich Potthoff, "Der Arbeitsdirektor," in *Mitteilungen des wirtschaftswissenschaftlichen Instituts der Gewerkschaften* (December 1950) p. 16.

Others are afraid that he may take credit for any act of generosity on the part of management, leaving the responsibility for unpopular managerial actions to his colleagues. A third view considers the labor director a harmless addition to the internal organization, in a remote way conducive to the maintenance of industrial peace.

### *Conclusion*

No responsible observer can uphold the communist allegation that codetermination represents nothing but a conspiracy of business monopoly and union bosses for the exploitation of workers and consumers. But those who have been induced by the experience in decartellized steel to hold a rather dim view of codetermination have attacked the DGB's past policy of devoting all its efforts to the legislative and political fight for codetermination legislation, at the expense of a vigorous prosecution of wage demands by economic pressure. They see in this choice not the attitude of a responsible and statesmanlike, but of a weak, bureaucratic, overcentralized, non-aggressive labor movement. They fear that technically untrained labor officials, who participate passively in control-board decisions without real understanding of the issues, will want to defend company policy against the rank and file as a matter of prestige, thereby turning the union into a company union and themselves into representatives of company interests. Where union and management share the responsibility for acts of management, the union, it is said, loses the possibility for aggressive bargaining and hence its members. Similar considerations have moved certain employers to take a rather complacent attitude toward codetermination.

Such views, well founded as they may turn out to be, are premature. They project into an uncertain future the limited experience which the decartellized steel industry, operating in atypical circumstances, has been having with an untried mechanism. Codetermination in substantially all enterprises, under normal economic conditions, administered by a strong labor movement through well-trained persons, may bear out the apprehensions (or

hopes) of its critics, or it may justify the hopes of German labor.<sup>43</sup> Success or failure will be largely determined by the extent to which voluntary labor-management cooperation will develop.

In any event, German labor is now definitely committed to codetermination. The German Federation of Labor is intent on its goal of exerting control over managerial decisions. Unless internal or external political events should interfere, legislation granting organized labor a voice in management in all German industries may be expected. Not satisfied with joint consultation and "democracy in the workshop," German labor demands a "reorganization of the economic system." The emphasis has shifted from works-council to union participation in the top management of firms, and to participation in the economic institutions of the society. These demands are conceived as a necessary extension of the defensive function of the labor movement.

As a joint manager of industry, labor will have to reconcile the potential conflict between a policy of maximizing industrial efficiency and the union goal of maximizing the welfare of its members. As political organizations, democratically responsible to their members' wishes, German labor unions will be under pressure to sacrifice all other interests to the short-term demands of their constituents. The German labor movement expects to solve this problem by educating the membership to an acceptance of unpopular decisions in the public interest. The experience of the next few years will vindicate either the hopes of German labor or the fears of some observers who see in codetermination nothing but an impotent political substitute for genuine economic gains. Labor members on the control boards and labor directors will demonstrate whether a union can combine managerial functions with a vigorous representation of labor interests. But whatever the outcome, a new experiment in "industrial democracy" is under way.

<sup>43</sup> The potential effects of codetermination are ably discussed in William H. McPherson, "Codetermination: Germany's Move toward a New Economy," in *Industrial and Labor Relations Review* (October 1951) pp. 26-32.

# PATRIOTISM AND THE CITIZEN SOLDIER

BY HOWARD B. WHITE

THE sensitive college student of the early and middle thirties probably believed that, while the solution of the world's problems was enormously difficult, the issues were crystal clear. He believed that because his sentiments were generous, his aims were high, and his principles were fixed. It seemed to him that what was needed was strength of will to keep clear the vision of the political good, and skill in persuasion to induce others to share it. Understanding was not hard. The big political task was the process of conversion. While he was toughened by depressions, which he thought the country could solve if it would, he was not yet toughened by wars, which, he was to realize, the country could solve only with grave suffering and bitter error. A peace pledge, passed somewhat gaily by the Oxford Union, crossed the Atlantic and took full hold on countless undergraduates, who were to take the pledge, without gaiety, without skepticism.

In the course of the thirties and early forties the mood of the sensitive young man seemed to change. Perhaps he broke his peace pledge without compunction, perhaps even without remembrance. He learned that there were evils so great that eradication by force, and only eradication by force, could purge the earth of them. He learned, early or late, but he learned, that those who kept the pledge were themselves lacking in a certain sensitivity. And to the generous feeling of kinship with his fellows he added the perhaps narrower but still generous feeling of patriotism. Perhaps his hopes were less high than they had been. A few of the tough-minded never believed that the idealism of the Second World War would save mankind where the idealism of the first had failed. While the world could be purged of its worst tyranny, out of the destruction of life and the corruption of thought could



come no new and bright peace, but only the possibility of building, no better though we hoped no worse, than man had built before.

Yet even these, the most tempered of the idealists, held to some of the hopes that had dominated their undergraduate days. They still believed in democracy. They thought that their idealism, transferred from a pacifist pledge to a field of battle, would strengthen them. They were sure that men fought better when they knew that the quarrel was just. And they urged on a reluctant army and an indifferent public a program to show the uncertain and the lethargic just why the quarrel was just. They knew that every decent and generous appeal was on one side: the appeal of equality, against a nation which made no claim to equality and appealed to the grossest of human hatreds; the appeal of wellbeing, against a party that exploited the many in the interests of the few; the appeal of liberty, against a world of concentration camps; the appeal of defense, against a ruthless aggressor; the appeal of the open, with room for all, against the closed, with room only for the chosen of the new barbarism. On the other side were the vicious and the stupid.

In the circumstances it was not even hard to support war. The most ardent world patriot could say, the moment the long ranks of German youth crossed the Polish frontier, there is no question of war or peace. Pacifism will not prevent war. It will prevent only its quick and just result. Sensitive and reasonable pacifism turned to internationalism. The once pledged could neglect his pledge, because he was joined in kinship to the conquered youth of Norway, the harassed youth of Russia, the indomitable youth of Britain. That was enough. His new-found realism was like a glove to his old idealism. Sound foreign policy was generous foreign policy. He never felt obliged to say with one of the soldiers in *Henry V*, "If his cause be wrong, our obedience to the king wipes the crime of it out of us."

Does the same sensitive man, supposing that he has kept his sensitivity, feel the same today? In Russia there is a tyranny, as great as the tyranny of the Nazis, and at least as dangerous. Yet

the situation is different, and the reaction of the generous is different. It may still be true that every decent appeal is on one side; though the Russians claim the opposite, their claims may be completely spurious. But the same man is careful how he answers. Perhaps he has learned that when every generous appeal is on one side it is an historical accident. He is afraid, dreadfully afraid, of the answers he quite freely gave to those who urged friendship with the Nazis. He is afraid of his unchosen allies. He is worried about the strange bedfellows of politics. He is anxious to tread a narrow way and to explain to everyone why it must be such a narrow way. He wants very much to get along with the world. He never worried much about what happened to the Bund; he is concerned that Communists get a fair trial. He was once ready to let anyone, even the army, teach the troops that free men fight better. Today he is afraid of what army instructors will say. No enemy of the Third Reich conjured up in his mind quite the image of McCarthy.

Above all, he no longer dares to take moral comfort in urging war. A few years ago his mind was still ringing with the words of Debs: "If there is a common people, I am in it. If there is a criminal element, I am of it. If there is a soul in jail, I am not free." Now he knows better. Over the romantic notion that he can free the slaves in Siberia, save the oppressed masses in Korea, and give the Czech people the freedom they deserve, hangs the dreadful shadow of atomic war. He does not say, "If there is a soul in jail, I am not free"—perhaps because he is no longer sure that nothing can be worse than jail. Almost daily some new tight little man tries to tell him that a sound foreign policy is not a generous foreign policy. He still hopes that it may be a generous one; he knows, at least, that it is not a simple one. Perhaps people need no longer warn him that he must come of age. Perhaps the time has come to protect him from a premature decrepitude, from the timidity of aged nations.

He has learned a great deal now about profit and loss. He uses words he once scorned, words that seem narrow, even cheap. If

he is a serious observer he has learned something about playing a dangerous game, about keeping the body clean and still soiling the clothing of his daily use. Whether he is fully aware of it or not, he has already taken seriously and accepts a small measure of consolation from the rather cynical comment of Nicholas Spykman: "The preference of the good man for dying on his own soil instead of abroad is a serious handicap to the democratic state. Most of the successful wars in history have been carried on in other peoples' territory."<sup>1</sup>

The Korean campaign, the policy of arming western Europe, and many an official statement testify to the acceptance of this thesis. Our sensitive undergraduate of the thirties, supposing again that he is still here and still sensitive, sides with Spykman reluctantly, if at all. He finds in political alignments a strange newness, and accepts these with the same reluctance. As far as he is concerned, the demand that you stand up and be counted is simply gone. It is taken over by the insensitive and the ungenerous. The McCarthys of this world will count you soon enough, whether you like it or not, and with a capricious arithmetic of their own. But this man has learned that counting is not an easy way.

If you could decide simply by counting, whether by counting the supporters of peace or the supporters of democracy, there would be no reason to ask again the question, "What is patriotism?" Since these two forms of counting, both of which have been used during our generation, seem to me unsatisfactory, I think that the question has to be asked again. That question is clearly most real and most difficult for the soldier, and I am not sure that it is possible to answer it, but one must try.

Patriotism, in a democracy, is not simply the conversion of an international idealism into a kinship with those who are already fighting the tyrant. It is the patriotism of the man who believes that the rightness or wrongness of the Korean War depends on

<sup>1</sup> Nicholas Spykman, *America's Strategy in World Politics* (New York 1942) p. 27; quoted in part by Hanson W. Baldwin, *The Price of Power* (New York 1947) p. 147.

its capacity for containing Russian aggression and keeping the peace. What is patriotism to one who believes, as a great many of the men who are fighting it apparently believe, that the whole Korean campaign is a series of political blunders? For an American that is a very hard question. We like our wars clean, if we have to have them. We do not care to believe that politics is a "balance between good and evil."

The hard question has been put to us before. For Thoreau, the question of what to do during the Mexican War was easy. Pure in his "splendid isolation," he thought that the war made it necessary for him to go to jail rather than pay to support it. The Whigs, on the other hand, distinguished between voting credits and approving the war. If Thoreau was right, and the only problem was a problem of individual conscience, the Whig policy was a policy of trimmers and temporizers. To Lincoln the problem was not so simple. He doubted the justice of the Mexican War. He knew that American democracy must survive even a doubtful war. With the sorrow of a just man and the courage of a serious one, he acted on the realization that defeat would be, for the political good, a worse alternative than even a questionable victory. It is a hard way for a democrat to go. He may have to go that way. Americans have spent a not inconsiderable part of their history taking that hard path, pursuing questionable victories. Thoughtful Americans have then had to distinguish, as Albert Gallatin did, during the same Mexican War, between the heroism of those who make the sacrifices and the vanity of those who demand them.<sup>2</sup>

Only the chauvinist needs to be reminded of the doubtful elements in our foreign policy: the greed of expansionists in the War of 1812, the greed of expansionists and slaveholders in the Mexican War, the greed of publicists in the Spanish-American

<sup>2</sup> Gallatin's *Writings*, ed. by Henry Adams (Philadelphia 1879) vol. 3, pp. 586-87. Compare Lincoln's speech in the House of Representatives, January 12, 1848, in *Speeches and Writings*, ed. by Roy P. Basler (Cleveland 1946) pp. 202 ff.; also Thoreau's *Civil Disobedience*.

War. It would be hard to say that these wars were fully and obviously unjust, but if we add to them the series of broken pledges to the Indians, and the campaigns in Ibero-America to support private investors, the list of questionable wars is a long one. The obligation of patriotism is in question when a democracy fights an unjust war, a doubtful war, even an impolitic war.

In a sense, of course, an impolitic war is an unjust war, because it is unjust to expose men to a war that could have been avoided. But it is too easy to command some view of history and say that American patriots had to fight doubtful wars. Given the circumstances of the Union at the time of the Mexican War, I think that Lincoln was on firmer ground than Thoreau. But it is not my aim to try to decide that question. The circumstances, moreover, will never be identical. The thesis of this paper is really a very simple one: neither the answer of doctrinaire pacifism nor the answer of doctrinaire democracy will do. The obligation of the patriot in a doubtful war is something that cannot be decided in advance. It demands a balance between good and evil, and a balance not only in the act of resistance but in the probable results. It is a problem of political prudence. It includes in its calculation the fact that a democracy may legitimately make demands of its citizenry which may not be made by all governments. And it also includes the possibility that the obligation of a democratic patriot, in a patently unjust war, is civil disobedience.

That obligation, it seems to me, is a problem not of conscience, but of reason. The rational objector, who objects because he has laid justice beside the circumstance, looked at the probable end of the quarrel, and the probable end of resistance to the quarrel, and found the circumstance wanting, is more consistent and more faithful to the ways of a free people than the conscientious objector, who refuses to fight because peace is always better than war. The democratic patriot may sometimes refuse to fight. He need not believe that every war is just. He may believe that only a negative good can come even from the best war. But he must

know that the endurance of a free nation is one of the great goods of man.

What has that to do with the citizen soldier, long in the reaches of a desolate country, which he can only with great difficulty understand? Certainly it is not enough to say that the democratic patriot may refuse to fight. I do not think he can do so now. The large issues are too clear. Political blunders there may have been, and political blunders come from political vices. Balance those vices against the probable cost of full defeat, or disruption, when men refuse to fight. Can anyone fail to see the balance?

In Korea the patriot must will victory. Tocqueville said that military discipline in a democratic country "has its roots in the will of him who obeys. It rests not only on his instinct, but on his reason."<sup>3</sup> If military discipline rests on reason, reason must determine its rightness. It is absurd to talk of a reasoned discipline unless the reason is capable of distinguishing the good for which military discipline is designed. To those who are not Spartans or lovers of Sparta, that good must be something more than military valor or even the morality of obedience. To a democrat it must relate to the justice of the war itself. Yet everyone knows that the soldier does not decide that issue. What is the discipline in the will of him who obeys? Does the soldier will the defeat of Sandino to protect investments? In a sense he does, unless the cause is patently unjust, and you can make a case for that in Nicaragua.

It is all in the Gettysburg Address, perhaps all that the democratic patriot can have. He has to will that the nation conceived in liberty may long endure. He has to will it in the face of blunders that may cost him his life. He has to will it when it may depend less on him than on the prudence of the men in power. Their lack of prudence, their greed, and their timidity may turn the wheel of fortune. Still, in a democratic army, the will of him who obeys is the will that a free people may long endure. Often that is all it is and all it can be. To will less is to

<sup>3</sup> *Democracy in America*, vol. 2, Chapter 25.



deny that a democrat can be a patriot. To require that the patriot will more is to lose the distinction between democratic patriotism and democratic criticism. No democracy can long endure without both. No democracy can afford to confuse the two.

The soldier in Korea is not obliged to accept the prudence of the American cause. He need not believe that the enemy is black. He may be free of the corruption of psychological warfare. He may renounce invective. He may try, at least, not to hate. He may not care about the future of the party in power or the party out of power. He may believe that the whole sordid business is the result of political recklessness and imprudence, greed and timidity. He may even be right. Certainly it is better for the future if we think in terms of a balance between good and evil rather than in the harsh bright colors in which two world wars were painted for Americans. In one sense the democratic soldier may be little better off than Williams, in Shakespeare's *Henry V*, who, when told that the king's quarrel was just, answered, "That's more than we know." Of course, the democratic soldier does know more, because he knows that if the quarrel arbitrates the survival of a free people it always has some justice. And even if the democratic soldier knows no more than Williams, he can never respond, with Bates, "Ay, or more than we should seek after."

He has to seek after it. He has to ask whether the quarrel is just. Otherwise he is simply not a democrat. And, in fact, in most cases, he will ask. If he decides that it is just, he is lucky. If he decides to reserve judgment, he is perhaps wise. If he decides that it is impolitic in its immediate cause, but is just in its defense of free institutions which require victory, he has accepted one of the most difficult ways of the patriot. He is ready to give the "last full measure of devotion," a devotion to a cause that cannot be perverted by all the blunders of foolish and greedy men who squat uneasily in the seats of the mighty.

In a democracy, at least in a democracy which truly and

anxiously seeks the peace, patriotism is one of the hardest goods for a sensitive man. It is easy for the McCarthys and their kind, but I do not speak of such people. To a democrat, sincerity is a great virtue. It has to be a great virtue for a voting public, even though to the great statesman sincerity is never a substitute for reason and justice. In a world in which so much is said about public opinion, it is particularly difficult to support causes we consider mistaken, especially when public opinion played only a passive role in those mistakes. In a democracy the thoughtful soldier supports an immediate course, which may be a mistake, in the interest of an ultimate aim, which cannot be a mistake. It is this fact, as much as the offering of his life, which makes for the "last full measure of devotion" of which Lincoln spoke.

It is a hard way, the way of the democratic patriot, and it makes demands of the public spirit which are sometimes not met. Patriotism is sometimes identified with love of country, and is then a passion. It is sometimes identified with civic or political virtue, and is then a virtue. Virtues are not usually passion, or passion virtues. Those facts help to make patriotism both dangerous and difficult.

We mouth very old dicta when we say that, in constitutional government, political passions are supposed to be controlled not only by reason but also by the operation of the constitutional system itself. Partisanship, for example, has a rhythm like the rhythm of the tides on Inchon Beach. In the United States it reaches the flood on election eve, and begins to recede. There are different tides, perhaps, of different ranges, but all of them have an ebb and a flood, and the process of periodic elections determines the tide, limits the flood, provides the seawall against which the partisan passions surge vainly. To the professional politician, it is true, electoral victory or defeat may mean merely preparation for the next campaign. But to many voters, certainly to independent voters, partisanship subsides, and a spirit of fair play takes its place. Or, to use another image, there are rules of the game which may be stretched and even broken, but are not

denied. It may be true, as Leo Durocher once said, that "nice guys do not win ball games," but the winners have to have something in common with the nice guys, the recognition that if the rules are broken too clearly and too often, there will be no game.

It is not so with patriotism. There are no such rules. The ebb and flood are not controlled by constitutional techniques and electoral mechanisms. The ebb and flood depend on fortune. Whatever rhythm fortune may have, it does not have the regularity of the tides. At least, patriotism does not rise to its height on election eve, and subside. It surges and recedes with circumstance. It rests, as a tide does not. It may long remain low, and a nation, needing the patriotic passion, may find itself enervated. Or a nation may be filled with patriotic passions, too strong to permit the skill and deliberation the moment requires.

Yet it would not be quite right to say that at some moments the problem is the subsidence of patriotism, at others its resurgence. It is perhaps more accurate to say that at all times civil society needs resurgence and subsidence, patriotic passion and political prudence. At times one may seem more wanting than the other. But at no time can patriotism be wholly dispassionate or wholly impassioned in a free society. If that is hard for nation and citizen, how much harder it is for a soldier. To keep such a delicate balance, the soldier, however he may be called into service, must be a citizen soldier. As a citizen, he must ask the big questions of the political life. The democratic patriot is a seeking patriot, perhaps even a skeptical patriot. It has not always been so. It was not so in the democracy Rousseau admired, the small and simple and frugal society where cohesion was knit by good laws and good morals and a kind of "civil religion."

In a liberal society the needs of the questioning patriot demand a great respect for the life of the soldier and a suspicion of military power—a difficult achievement. Today military power and prestige have grown to gigantic size, and the soldier's life is often treated with contempt. One of the President's most famous blunders, his reference to the Marine Corps as the Navy's "police force,"

shows contempt both for daring military courage and for law enforcement. The same president who has elevated military men to the highest positions of power and prestige once recommended that recalcitrant workers be inducted into the armed services while on strike. It is not necessary to comment on the widely discussed policy of saving the talented for civilian jobs, while the services take the residue.

How strikingly all this contrasts with the plain debt democracy owes the common soldier, a debt greater than any other people can owe its soldiers. The democratic soldier is asked to give up more, and he is asked to question the aim for which he gives his gift. Lincoln understood the problem. The president who controlled the generals, perhaps more stringently than any other president, took off his hat when he met a common soldier. He understood the hierarchy of a democratic army. There is a hierarchy of command: the staunchest supporter of Carlson or Wintringham does not suppose that you can take a vote on whether or not to give battle. He suggests that the rationale of battle can be explained, but that means simply strategy and tactics. A general cannot necessarily explain the moral rationale. He is certainly not responsible for it. He should not be. And perhaps the citizen soldier understands it better than the general. The officer commands the soldier, but the civil officer commands the military, because the civil must always command the military among a free people.

Today, under the influence of West Point publicists, we are told that Lincoln's control over his generals, his use of the pardoning power, his frequent removals from command were dead wrong. Politically, however, that is simply not the whole story. Lincoln's policy was right, in the sense that it is always right for a president to take seriously the constitutional provision making him Commander-in-Chief. But the soldier is also a citizen, and, as a citizen, commands the officeholder. Strictly speaking, the military hierarchy ought to be a circle. Lincoln paid his respects to the citizen, especially the citizen soldier who gave the "last full measure of devotion." Here is democratic patriotism, which places plainness

above rank, without denying that there is such a thing as rank, and which calls on rank when it is needed. To deny that order in a military organization has anything to do with any natural order in the cosmos, but to accept the military order as one of the necessary evils of this world, is part of that patriotism.

We can see something of the problem if we compare the Gettysburg Address with another great patriotic eulogy, the speech of John of Gaunt in Shakespeare's *Richard II*. It would be very foolish, if we want to see the patriotism of a democrat, to take slogans ripped from a careless press, or to take a democratic politician and show his superiority to Hitler or Stalin. What would it mean? Let us rather speak of the high level of democratic patriotism and the high level of monarchical patriotism. Let us take the tragic simplicity of the Gettysburg Address and the bitter grandeur of John of Gaunt's speech. I know that one was an actual speech, the other the creation of a playwright. I do not think that matters.

The role of the common people is at the root of the difference between the two great patriotic testimonies. In the Shakespearean passage the people are passive.<sup>4</sup> The wounds of England are wounds the king has cut. Kings and kings alone can heal them. Kings are to blame—kings, indeed, who have not been kingly, but have become "landlords," kings who have valued money more than the peace of their subjects, kings who have not learned or have forgotten how to be statesmen. In the Gettysburg Address there is no blame. Who cut the wounds we are not told. The common soldier is healing them, and must go on healing them. There is something the common soldier can give the civilian, even the President. That is the "increased devotion." That is all. It is an atmosphere of dread responsibility, an atmosphere of high resolve.

There is no high resolve in the John of Gaunt speech; there can be none unless the king shares it. There is polemic. The polemic is just, for it is the only remedy an aged counsellor has against the corrupted monarchy. In Lincoln there is no polemic, no

<sup>4</sup> *Richard II*: II, 1, 40 ff.

hatred. Invective, permeating the best political speeches of our time, is not in the Gettysburg Address. There is no need to prove anything; there is nothing that can be proved. There is only the dedication of a free people.

In the Shakespearean eulogy the remedy itself is in the monarchical tradition. Kings must heal the wounds, and pride must be their inspiration. Their pride is suggested in the tribute to the glorious past. The conquest of others is better than the conquest of oneself. There is not such pride in Lincoln, certainly no pride of conquest. There is a challenge, and a demand for endurance. Neptune gave England the tools of her glory; such at least was the sense of John of Gaunt. Her self-conquest was rather a "scandal" than a tragedy. The very elements of statesmanship would have made for the survival of a nation so endowed by geography, as geography then seemed. The Gettysburg Address, on the other hand, is flooded with doubt and resolve against doubt. Whether the free people can survive is always doubtful. The Civil War itself must test whether a nation "so conceived and so dedicated may long endure."

Even though the outcome is doubtful and there is no promise of easy victory, the Gettysburg Address is directed to the future. The great Elizabethan eulogy is directed to the past. England's majesty, her royalty, her chivalry, her onetime happiness—these are sources of monarchical pride. It is the past which is placed against the present, and the present found shameful. The Gettysburg Address opens with reference to the past, but a shameful present is not compared with the past. It is the future that is seen, with hope, but not with optimism. The citizen is not told to sacrifice; it is assumed that he knows about that. The citizen is not urged at all; he is not manipulated. His own hope for the future is reflected in Lincoln's words. With the test as to whether the nation shall long endure, there is the high resolve that the nation shall have a "new birth of freedom." The soldier is promised that "these dead shall not have died in vain," the great comfort of democratic patriotism. But he is not promised more. The citizen is not told



that he must take increased devotion. He is reminded simply that he does. Without cant, with such justice and equity as few political addresses attain, the simple truths that are all that can be said at such a moment are embodied in the great grace of the language.

The triumph of England was the triumph of many. Her defeat was the defeat of a few. It was the "happy breed of men" that gave way to a race ruled by a landlord. Yet in another sense, even her triumph was exclusive. Henry V thought so: "The fewer men, the greater share of honor."<sup>5</sup> Honor is exclusive, always exclusive. The British government saw something of the problem when it refused to publish the names of those who were awarded distinctions during the Second World War. The remarkable thing about the Gettysburg Address is that it excludes no one. The "brave men, living and dead" have consecrated the field of Gettysburg. The living are dedicated by those men. They take increased devotion, the devotion which all may share. There is no more that can be said. There is no special glory for the chosen.

There can be no glory in a democracy greater than the offering of the "last full measure of devotion." With less, a democracy cannot survive; with more, it would cease to be a democracy. That is democratic patriotism. It has a perfect simplicity, comprehensible to all. It wills simply the long endurance of a nation conceived in liberty. It is free of hatred and violence and looks for the time when one may bind up the nation's wounds. It commands devotion. It promises only high resolve, and, with high resolve, the "new birth of freedom." It is perhaps the most difficult of all democratic virtues, for it commands the passionate loyalty of men. It demands the breaking of habits and ways which the democracy has nurtured and which the democracy needs. It seeks not only the highest sacrifice. It steers between violence and lethargy. It seeks a tolerance for mistakes and an understanding of aims. Without that understanding and that tolerance, there can be no "new birth of freedom."

That there may be limits to that tolerance, that a war may be

<sup>5</sup> *Henry V*: IV, 3, 22.

imprudent, that a democracy may fight a war that is patently unjust, that rational disobedience may be justified—all that must be granted. Patriotism is never easy to understand or apprehend; nor is the patriot's course easy to map. Public speakers who pretend otherwise only make it more difficult. If patriotism demands that a nation always be right, there can be no patriotic nations. If it demands "my country, right or wrong," it can have no roots in the reason of the soldier. All we can say is that the full measure of devotion means even more than the offer of life. It means the appreciation of the relation between reason and loyalty, a relation which cannot be fully seen outside of the circumstance. Understanding that full measure, there is always some hope for the new birth of freedom.

# RURAL FRENCH VOTING HABITS

BY ORVOELL R. GALLAGHER

IN A published discussion on parties and politics in present-day France, between Jean-Paul Sartre and David Rousset,<sup>1</sup> it has been stated that the Communist party in France has reached its probable peak of membership and followers, and that although it will not lose followers, it will gain no more adherents: its *limites sociales* have been reached. The implications are that the party has already gathered to itself the great majority of the *classe ouvrière*, and that its voting strength is restricted by the size of the working classes; logically, since the population of France is chiefly peasant and bourgeois, the Communist party has reached its outer limits of expansion.

This thesis does not seem to be entirely valid. At least it does not account for rural voting habits. In the most recent elections the Communist party lost seats in the national assembly, but an observer looking through provincial newspapers notes that the Communists had and still have a strong following among rural populations. The lost seats in the recent election were the result of *apparentement*, or the combining of several parties to oust Communist candidates.

It may be of interest, therefore, to count heads in a rural area and see who votes or does not vote Communist, and if possible why. The following impressions on these subjects were collected incidentally, and are not the result of a formal political study. During the past three years the author worked as an ethnologist in a rural community in central France for two separated periods of four and five months. He was not known as an ethnologist by the people of this community. Rather he was looked upon as a curious tourist who returns each year to "our" village, and as one claiming an interest in French peasant agriculture. Politics were

<sup>1</sup> "Entretiens sur la politique," in *Les temps modernes* (September 1948).

not his concern, but in the course of work one could not avoid political discussion. At times one had to talk politics to participate at all in daily conversation.

The commune—roughly the equivalent of parish or county—in which I lived and worked is in central France. There is a village, or chief agglomeration, with about two hundred inhabitants, and a surrounding group of satellite hamlets—in all, a population of about eight hundred people. The commune is located in a department especially selected as “average” or medium, that is, the department is strongly rural and by tradition politically centrist. It is outside the Protestant belt, and thus there is but one variety of religious cult: Catholicism. Census data show a relative stability for at least the past fifty years. Few foreigners, few tourists enter the area, and population figures indicate little demographic change during this period. The area is predominantly one of peasant farmers, with more than 80 percent of the holdings those of small peasant cultivators. There is but one urban center in the department of any size, and that is a non-industrial city. Finally, the area was outside the German zone of occupation during the late war, and neither German nor Allied troops have ever been in the commune.

My work was chiefly concerned with social structure and the family and kinship systems. And since the place of the family in the total structure has a direct relationship to political behavior, I shall give a brief resume of what I conceive the family structure to be.

Actually peasant proprietors and their families make up only about one-third of the total population of the commune. The extent of land worked varies from 40 to 100 acres, with the average about 45 acres. These properties, with but one or two exceptions, are widely separated parcels, each peasant family owning and working up to five or six such separated strips or patches of land. Under French law, all of one's children, regardless of sex or age, inherit equally, but the family land and property are most often transmitted into the hands of one child. There is a conscious parental

selection of a single child to whom to transmit the property, and the other children are given assistance—by means of education, apprenticeship, and the like—to enable them to leave the community. At inheritance, the selected child compensates his brothers and sisters, usually in cash. Thus the peasant family is typically made up of a man and his wife, a selected son, his spouse, and their children. Each generation retains one child, cuts off the surplus children, and aids these latter to migrate. The migrating children retain a property interest until final inheritance settlement has been made.

Other families—constituting the remaining two-thirds of the total commune population—are of a type more familiar to urban dwellers, as they are primarily job-oriented. These families may and do own small garden plots for the cultivation of their own necessities, but they do not draw their livelihood from the land or its cultivation. Therefore there can be little emphasis on maintaining and transmitting landed property. Occupationally these families, apart from a handful of rentiers, live from the selling of things and services to the peasantry and to one another. Such are the small bourgeois (bakers, butcher, barber, owners of the general store and the cafe), the artisans (smith, stoneworker, masons, carpenter), the village professionals (priest, postal clerk, schoolteacher, commune secretary), several *métayers*, or share-farmers, a few casual laborers, and relatively many domestics (working both as individuals and as families). There are also about a dozen couple-families—retired or pensioned peasant and small tradesman-artisan sons and daughters who migrated from the village at maturity, but have returned to live out their lives in the commune of their birth.

In contrast to the peasantry these families are short-termed social groupings; their duration in the commune is brief, rarely longer than two or three generations, and often but one. Oriented to the job, rather than to the land, such a family is very mobile. Children leave the home at maturity to seek jobs, and as their futures are less well planned than those of peasant sons, they are often

thrown without much training into urban labor markets. There is but little occupational continuity, and sons rarely follow the occupations of fathers. The family is that of urban dwellers, small and fragile, and the role of the aged is less important, less influential, than among the peasants. Indeed, the old are often left alone and isolated in the commune.

The accompanying figures, rounded and approximate, show the number of ballots cast for the Communist party in elections since 1945. The majority of non-Communist votes go to parties of the center and right of center (MRP and, latterly, the RPF de Gaullist party). The Radical Socialists and the Socialists are minor parties in the commune, together accounting for less than 10 percent of total votes cast.

	<i>Communist</i>	<i>Total</i>
1945	105 (26%)	400
1946	115 (28%)	415
1946	130 (31%)	415
1949 (canton elections)	85 (21%)	400
1951	110 (26%)	420

It will be noted that during the past five or six years there has been a good deal of consistency not only in the total number of ballots cast but also in the number cast for the Communist party. The vote for the latter—which in this and in many neighboring communes is often the majority party, the largest single political grouping—has with one exception been roughly one-fourth of the total, or slightly more. The one exception occurred in the 1949 canton elections, when about a quarter of those who normally supported the Communists broke away to vote for a popular political figure who lived only five kilometers away in an adjoining commune.

Who are the Communists? Are they the domestics, the share-farmers, those most downtrodden and miserable of rural peoples? Very rarely. Two or three of the *métayer* share-farmers admitted to voting politically—that is, for the party rather than the man—but significantly these men were outsiders or “strangers,” still new



to the commune and with few roots and acquaintances there. Only a single domestic worker claimed, or would admit in private conversation, Communist adherence. Their thinking and their voting behavior are never political. Domestics said "I voted for L" or "M," and there was no trace of thinking in terms of a party or a system of political ideas. Their very insecurity and miserableness seem to tie them to the peasant landowners and to rural politicians who "render services" for them. The landless domestic, who lives very close to the slender edge of existence and whose labor is required only seasonally, feels closely bound to peasant employers and to present political leaders. These latter do many favors—find a man a needed job or occasional off-season work, help place his sons, represent and aid him in government matters (such as social assistance, pensions, children's allotments), give advice, and lend money in emergency.

The half dozen rentier families vote, as might be expected, center or right of center. Of late years some have flirted with the MRP, the Catholic liberal party. In sharp contrast to the domestics and the *métayers* and to some peasants, the rentiers vote and think politically, supporting a man only if both he and his party think in terms of "property" and "stability." During the occupation they supported Pétain and the Vichy regime. With the fall of Vichy they switched quickly and easily to the Fourth Republic. All express a great fear of Communists and Communism, and there is among them a wide belief that all the domestics and *métayers* in the commune are secretly Communists. A rentier may point out certain domestics in the commune as Communists, but these are always men known to the writer as perfectly loyal supporters of the present regime. Most rentiers are quite sure that these "Communists" wish dearly to deprive all property owners of their land and goods.

Few peasants vote for the Communist party. But the wealthiest peasant in the third largest hamlet of the commune is a Communist. He is young and popular, and is the sole Communist on the *conseil municipal*. An only son, he received a considerable

inheritance from his parents, is completely independent, and assumes an employer-adviser role to the people of his hamlet. This man carries to the polls a solid block of Communist votes. The inhabitants of his hamlet—smaller peasants, a domestic, several small artisans—vote Communist either because “B is a good fellow” and “he has done a lot of favors for me” or because he is “my neighbor.” B will admit quite frankly that he is Communist because “a person has to be something” and this is being “different from the others.” He is admired too because he is a well-to-do property owner and a skilled cultivator. He has no difficulty in obtaining election to the *conseil municipal*.

But there exists a solid block of men who vote consistently Communist year after year. One group of this block might be termed the “rationalists,” the other group the “irrationalists.” The rational Communist is the retired migrant son (or husband of a daughter), who after twenty or thirty years of urban life returns to the commune in possession of the highly valued *retraite*, or pension, and hence in possession also of complete independence. The rational Communist is most often a son of the tradesman-artisan family type mentioned above, whose migration from the commune was somewhat haphazard and largely unplanned—this in contrast to the carefully planned migration of peasant sons. In urban life the rational Communist was often a member of a labor union, and on returning to the village of his birth he retains his acquired urban faith. These men can and do argue their beliefs intelligently and rationally.

Most curious is the small irrationalist group. They are independent too, either pensioned or having small inherited incomes or properties. These men are the most verbal “politicians” in the commune, however illogical their reasoning seems. Such a man may vote against a particular candidate or party because of a dispute with another man who favors a different candidate or party. There are curious combinations of oppositions. Men who vote regularly Communist may have supported Marshal Pétain, or may violently condemn all labor strikes and all social expenditures by

government; there are some who most bitterly criticize the Soviet Union and yet regularly vote the French Communist party ticket. One man, a Communist for fifteen years, had small cards printed when he stood for the municipal council, which showed him to be an "independent Communist and property owner."

As might be expected, there is a great deal of personalism involved, but the values of this rural society are reflected in both speech and voting. Property, thrift, and family are important ideals. A Communist who is a successful property owner and farmer is respected and may be supported for these reasons. But a Communist who lacks property, or who has inherited property and spent or wasted away his heritage, is condemned and believed quite incapable. In 1951 the department Communist candidate, on a visit to the commune, was criticized from the floor by a woman formerly resident in his home commune, for having "eaten up" his inheritance. This criticism had some effect, and it is still quoted as a good reason for not putting complete trust in him.

The most popular political leader is a bourgeois landowner of a neighboring commune. His political beliefs, if such he has, are, perhaps purposely, vague and ill defined. At political meetings he speaks of "peace," "lower prices" on what the countryman must buy, "higher prices" on what he must sell, ending his talk with "vive the canton, the department, and the Republic." His popularity rests mainly on his ability and willingness to "render services" to his constituents, and on his skill in mixing freely and easily with peasant and small bourgeois. Although he must often rush from Paris to be present, this man misses no wedding, funeral, or important fete. His card is on almost everyone's table on New Year's Day. He drinks "good red wine" with one and all (though at home or away from his constituents he prefers an *apératif*), and he uses conversationally the familiar "tu" rather than the more polite but distant "vous." With his wife and son, he fits the familiar and approved French family pattern. His wife is devout and devoted to the church and clergy, as a mother and wife should

be. He himself enters the church only on formal occasions, a marriage, funeral, or first communion—as do most men.

The Communist politician of the region, though more intelligent and more rational, is less popular. He mixes less informally, argues his political beliefs seriously. But “he doesn’t buy a man a drink” and “he doesn’t invite a man to sit down and eat at his table.” Nor has this man ever been willing or able to “render services” for his constituents.

Voting is a family affair. However rational or irrational the husband’s political beliefs, and however the priest may try to influence her, a wife votes as her husband does. Rare is the woman who takes seriously her new franchise, and most women believe firmly that voting and politics are not their affair. It is not a “woman’s place”: “a woman ought to stay in the home with her children,” and voting is the “business of men.”

So long as he is attached to his father’s household, a son pretty much follows his father’s political preferences, inherits both his father’s friends and political obligations. This is less true of the non-landowning group of families, whose children migrate to urban centers and are exposed to urban political parties. The sons of these families are more free from parental control, and their political opinions are often shaped by other agencies, such as friends or trade unions. But among peasant families there is a united front, a solid block of votes—father and son, the wives of both. And a popular peasant who adheres to the Communist party, whether for logical or for illogical reasons, may carry with him into the party a group of friends, kin, and dependents.

All this seems to indicate that rural voting is not completely the rational, logical thing, built upon a system of ideas and dependent upon class status, that Sartre and Rousset imply. Though one votes in theory for a party, most rural people vote in fact for a man, and the personality and status of the candidate put forward by the party are all-important. This seems to hold irrespective of the candidate’s intelligence or ability or his party’s platform. Even though there exists a group of men who vote rationally, most do

not vote as logic should require. The rural Frenchman is proud of his "individualism" and of not being like the "Boches." And he may hold firmly to several rather incompatible beliefs—Communist but anti-Soviet; Communist but anti-labor and anti all government expenditures for social purposes; Communist but pro-United States.

Probably most curious are the voting habits of the rural proletariat and of the retired or pensioned functionaries. The former, the most exploited, turn out to be the strongest supporters of the system that exploits them. The latter, holders of the highly esteemed pension and in effect supported by the present structure, are often the most eager to change or destroy the structure.

## BOOK REVIEWS

NOURSE, EDWIN G. *The Nineteen Fifties Come First*. New York: Holt. 1951. 184 pp. \$2.

This book is the outgrowth of lectures given by Dr. Nourse in the year following his resignation as Chairman of the President's Council of Economic Advisers. It is not merely a collection of lectures, nor is it the systematic analysis of a scholar in an ivory tower. It is the passionate and eloquent plea of a learned man of public affairs who is deeply concerned with the economic and social trends of our time. It is a very readable book and deserves wide reading and debate.

Nourse believes that the current social and economic trends are fraught with danger for a liberal and democratic society. He believes that the danger is real but not inescapable. *The Nineteen Fifties Come First*. What we do now will decide whether or not the stark picture of Orwell's "1984" will come true.

Nourse's analysis of the ills of our society is quite simple. He sees that the big economic groups, organized as "Political Agrarianism," "Political Laborism," Business leadership (Nourse has no such colorful label for this group as he has for the others), and "Big Brother" government, are attempting to collect from the economy more than they put into it. Claims exceeding output make for inflationary pressure and the need for controls. They undermine the working of a free economic system.

Nourse's presentation of the ills of society has some similarity to the "Road to Serfdom" type of argument. He searches for a solution, however, in an entirely different direction. He has no sympathy with the "belated dreamers" who are longing for an atomistic economy of laissez faire; nor does he seem to have sympathy with those who say that a full-employment economy generates inflation and, therefore, a noninflationary economy must always be held considerably below the full-employment level of activity. Nourse is neither a reactionary nor a romantic conservative; he knows that strong economic groupings which combine economic and political power are here to stay. He believes in the philosophy of the Employment Act of 1946 and speaks of it in most exalted terms. He believes that future generations may regard "the spirit of 1946" as the crowning of the spirit of 1776, and in speaking of 1776 he refers to both the Declaration of Independence and the Declaration of Free Enterprise in the *Wealth of Nations*.

The challenge of our time is the need to reconcile the aspirations



of highly organized and powerful politico-economic groups with the requirements of a balanced economy. Finding a constructive answer to this question is indeed one of the most essential social-economic tasks. How, then, does Nourse propose to reconcile group interests and economic balance in the spirit of 1946? The reader who expects a definite answer to this question will be disappointed. One has to look hard to find a general outline of the solution he envisages.

Nourse contrasts "true economic adjustment" with "the political manipulations of pressure groups, the use of individual monopolistic power, or authoritarian direction by government" (p. 179). There is in Nourse's opinion an "ideal state of economic 'equilibrium'" or a "parity concept" applied to employment, price, and income relations (p. 33). The spirit of 1946 requires that true economic adjustments be made on the recommendation of "objective economists" (p. 33). To "government control and probably operation . . . I see only one basic alternative, namely, for both sides (labor and management) to accept the principle of objective settlement by a machinery of economic jurisprudence" (p. 106). Here, then, appear two conditions for settlement of the problems with which we are confronted, the ability of economists to decide "objectively" what kind of "adjustments" are needed, and the willingness of the various groups to accept such "objective" judgments of "economic jurists." In the following paragraphs I shall comment briefly on (1) the "adjustments" that are needed for balanced economic development, (2) the ability of the economist to determine needed adjustments, and (3) the acceptance of such adjustments by the interested groups.

(1) The "adjustments" that are emphasized in this book are those needed to combat inflation. While anti-inflationary measures are essential elements in any comprehensive program designed to solve our present problems, inflation is by no means the only danger to the success and survival of a liberal and democratic society.

There is, unfortunately, more than one road that may lead to "1984." Combating inflation is merely a negative objective. Equally serious could be the failure to attain positive national objectives, such as a defense production effort, which includes an effort to build up military strength and economic potential, or a full-employment program, or a program designed to increase the standard of living.

(2) What then is the role of the economist in recommending "adjustments" needed for attaining these objectives? Decisions on all these programs must take into account considerations of foreign policy, standards of equity, the interpretation of the general welfare, and the

acceptability of various policy measures. The book is not clear as to what should and should not enter the considerations of the "objective" economist. Some of Dr. Nourse's own statements are not beyond controversy, and their objectivity might be questioned by other "objective" economists. I believe that many considerations must enter the analysis of the economist which he cannot derive from textbooks on pure economics. Pure economics too often is economics based on yesterday's politics. It was very wise, I believe, for Congress to charge the President and the Congress, and not an "economic supreme court," with the responsibilities for making recommendations and decisions under the Employment Act. It is deceptive to think of a clear-cut separation between the economist who gives pure economic advice and the President who modifies the action in the light of political<sup>1</sup> considerations. It is part of the economist's job to test the feasibility and consistency of the aspirations which are alive in the community in which he lives and for which he works.

One of the technical devices for testing the compatibility of various claims against the economic potential is national economic accounting or national economic budgeting, as it has been developed in recent years. We have no other method for testing the consistency among claims for increased rewards for managerial, labor, and farm effort, and the consistency of all these claims with the growing productive capacity and growing output of the economy. When incomes of various groups, prices of various goods or services, business investment, and output in agriculture and other lines become influenced by large organizations and become a matter of national concern, national economic accounting becomes an indispensable tool of analysis, just as bookkeeping is an essential tool of business management. In this context, Nourse has referred to his *America's Capacity to Produce*, which was a pioneering contribution to the quantitative analysis of economic potentialities. But he refers to recent attempts to investigate the potential increase in production in a rather derogatory manner. This particular section is headed: "Economic Expansion: Oh, What a Wonderful Day." Although there is wisdom in Nourse's advice that all these projections be interpreted with care, he does not offer any constructive suggestions for improving them.

In his introduction, Nourse says that this book "is a plea for fuller use of scientific methods by individuals and groups." One of the

<sup>1</sup> Much of the confusion in the discussion of the relationship between economics and politics is due to the double meaning of politics. I am using the word here, of course, in the way it is used in the term "political economy" or "political science."

most promising scientific methods developed in part for exactly the kind of questions Nourse raises is the study of sustainable economic relationships in quantitative terms.

(3) Nourse does not spell out the way in which he expects the "machinery of economic jurisprudence" to work in hammering out price and wage policies with the interested groups. His whole book is largely a plea for self-restraint and self-discipline by the various groups, which undoubtedly is a prerequisite for any effective policy. Obviously Nourse does not believe that exhortation is enough. He recognizes that some machinery is needed to provide general guides for business and labor in their own management and bargaining decisions. But there are hardly more than cryptic references to the need for "a machinery of economic jurisprudence." It would be of interest, for instance, to know whether what Nourse has in mind lies in the direction of collective bargaining on the national level, with which the Scandinavian countries and Great Britain have experimented. Whatever arrangements are used, it seems clear that one of the contributions the economist can make consists in showing the bargaining groups the possibilities and limits of their claims within a growing economy.

Nourse had substantially completed his book before the new defense program got under way. He deals only briefly with the need for defense controls. It is not too early, however, to debate what kind of machinery is needed to promote wage-and-price and consumption-and-investment relations which are in accord with the requirements of balanced economic growth and which are necessary to avoid inflation in a full-employment economy.

Dr. Nourse has urged a "scientific approach" to these fateful problems. He says in the Introduction: "Let no one suppose that I am submitting this book as a sample of scientific product." I hope he will follow up this book with more detailed analyses and recommendations.

GERHARD COLM

Washington, D.C.

HART, ALBERT G., with recommendations of the Committee on Economic Stabilization. *Defense Without Inflation*. New York: Twentieth Century Fund. 1951. xiv & 186 pp. \$2.

The Twentieth Century Fund has made it a mission to handle crucial problems of the American economy in terms that any literate person can understand. Thousands of such persons—too bad it isn't millions—have read the comprehensive report of the Fund on Amer-

ica's capacity for production. Now we are offered the opportunity to familiarize ourselves with the essentials of the inflation problem. Professor Albert G. Hart, author of *Defense Without Inflation*, stands high among the economists who are engaged in refining economic concepts and logic beyond the range of vision of the ordinary man. He must have been tempted to indulge us with many an equation, many a graph. Fortunately he resisted the temptation and has given us a book intelligible alike to professors, housewives, high-school students, and captains of industry; and indeed, even to Congressmen, if any such ever find time to read.

A Readiness program, to which we are now committed, involves drawing large numbers of men away from production for civilian use, either to the military forces or to production of armaments and munitions, and the expansion of industries supplying these. If there had been, before the program, just a sufficient current of purchasing power to carry off the current production, prices would have remained fairly stable. They did not depart far from stability, in fact. Diversion of manpower to military service and military production reduces the current of civilian production but not the current of purchasing power, for soldiers and munition workers have to be paid and supported at an expense not less, ordinarily more, than civilian workers. Hence a pull upward of prices. At the same time cost items, labor and material, are sure to rise, offering a push toward higher prices. Pull and push between them inflict upon us the problems of inflation.

If, however, the government levies taxes whose yield covers the cost of the Readiness program, and if the taxes are distributed well over the areas that would otherwise have excess purchasing power, inflationary trends will be checked. Professor Hart sees in the gap between public revenues and public expenditures, involving deficit financing, the prime force making for inflation. He recognizes, to be sure, that industrial and commercial deficit financing—expansion of credit—also means an inflationary gap. It is doubtful whether his allowance for this form of deficit financing is adequate. For the inflationary trend is much in evidence today, although the budget is balanced and will remain balanced without new tax laws through 1952, if we may accept the analysis of Dr. Julius Hirsch. The new taxes President Truman demands promise to load down the Treasury with superfluous cash. Perhaps that is necessary to offset the influence of deficit financing in the general economy.

To check inflation the most important measure is budget balancing; but this is not to be relied on exclusively. The budget may be bal-

anced through taxation that strikes hardest where income is least inflationary in its behavior, as, for example, in corporation taxes. For political reasons it is necessary to go easy on income where it is most inflationary—wages. That must be why so good an equalitarian as Leon Henderson supports the idea of a universal sales tax. One wonders how this would work in the presence of the wide and growing system of escalator wages, tied to the index of prices.

Professor Hart's analysis, simple as it is, throws into tangible relief all the points where governmental action could neutralize inflationary forces. If politics permitted we could surmount the hump of Readiness financing without any very serious inflation. Unfortunately Congress is too deeply preoccupied with minor issues to address itself seriously to this one problem of inflation, far the most important of the civil problems of the nation.

ALVIN JOHNSON

KENNAN, GEORGE F. *American Diplomacy, 1900-1950*. Chicago: University of Chicago Press. 1951. ix & 154 pp. \$2.75.

This book is a remarkable exposition of very wise and refreshingly unorthodox views on American diplomacy. The significance and weight of Kennan's discourse are the greater as he has shared in the responsibility for shaping our foreign policy in the recent past, and will again bear a share of this responsibility in the future, once his present leave from the Department of State is ended.

The first and lengthier part of the book consists of six lectures that Kennan gave under the auspices of the Charles R. Walgreen Foundation at the University of Chicago in 1951. The second part is composed of two articles on current Russian-American relations originally published in *Foreign Affairs* in 1947 and 1951, respectively.

The title and arrangement of the work suggest an historical account of this country's diplomacy over the last fifty years. Actually, no less than five of the lectures are devoted to a successive discussion of the war with Spain, the Open Door principle, Far Eastern policy, and World Wars I and II. Only the last lecture is an examination of American diplomacy in general terms. But the "historical exercises" are not intended to be contributions to the analysis of past events in the field of American diplomacy for history's sake. Through all of the lectures Kennan's primary concern is "the problems of foreign policy we have before us today." The excursions into diplomatic history are to serve the purpose of finding out whether "a study of the past will not help us to understand some of our present predicaments."



In thus probing the historical record Kennan uncovers permanent features of American diplomacy, some of them related to our procedures, others to our concepts in conducting foreign policy, which seem to him to have a definite bearing on the problems we are faced with in the present. In fact, he thinks, and in the opinion of this writer convincingly proves, that those features must be allowed a part in the responsibility for the loss, within the relatively short period of half a century, of our former national security.

Kennan's criticism of American diplomats and diplomacy is the more impressive because it is benevolent as well as circumspect. The spirit in which he discusses the mistakes of the past recalls the words used by Burke to justify retrospective considerations in politics: "whenever we are involved in difficulties from the measures we have pursued, we should take a strict review of those measures, in order to correct our errors, if they should be corrigible; or at least to avoid a dull uniformity in mischief, and the unpitied calamity of being repeatedly caught in the same snare." Kennan stresses time and again that the currents of human affairs are often too powerful to be controlled and directed even by the greatest statesmen. Realizing that the frightening difficulties into which we have run during and since World War II are in large part due to the course and outcome of World War I, he goes very far, probably too far, in exculpating American leaders for the decisions of Moscow, Teheran, and Yalta. Woodrow Wilson, as a relatively freer agent than Franklin D. Roosevelt, appears to Kennan to bear the larger share of responsibility for the part the United States herself has played in causing her present predicaments.

Be that as it may, Kennan is interested not so much in the responsibility of individual American statesmen as in the role during the last fifty years of our collective national "predilections and habits of thought" in influencing our foreign policy to the detriment of our most vital interests. "History," he says rightly, "does not forgive us our national mistakes because they are explicable in terms of our domestic politics." In examining the procedures through which we have arrived at decisions on foreign policy questions, Kennan describes and deplors in blunt and courageous words the undue pressure that an erratic public opinion, manipulated rather than genuine, has often brought to bear on the executive. But what, according to Kennan, are the conceptual weaknesses of American democracy in dealing with the world?

It seems to Kennan that we have displayed a persistent tendency to underrate the dynamics of international politics in general, and the role of force in international life in particular. This attitude accounts,



first of all, for the negligence we have shown in all matters relating to the power structure of the world. Far from trying to salvage from the torrents of World War I the balance of power in Europe upon which our national security rested in the nineteenth century, we made its very destruction one of our principal war and peace aims. To an even larger extent we have been responsible for creating the vacuum of power in the Far East, with all the disastrous consequences that beset us today. This attitude accounts, secondly, for our belief in the magic of legal and moral formulas, and in the possibility of applying effectively to the reconciliation of antagonistic interests among nations the concepts and methods of domestic legal procedures. Instead of accepting "the power realities and aspirations" as "inalterable human forces, neither good nor bad," and trying "to seek their point of maximum equilibrium," we have felt tempted "to inhibit this process of change by imposing a legal strait jacket upon it."

Kennan's attack upon what he calls "the legalistic-moralistic approach to international problems" is, it seems to this reviewer, very well founded. The more regrettable it is, therefore, that he has presented his wholesomely heretical view in a way that lends itself to misinterpretation as an expression of Machiavellistic thought. For he fails to state explicitly, though it is obvious from the context, that the sole object of his attack is a concept of international law and of its function which disregards the peculiar structure of international society and the peculiar nature of the relationship among collective entities. In other words, what he questions is the validity of some current notions of world law rather than of the notions of traditional international law. As a matter of fact, he wants the latter to operate as "the gentle civilizer of national self-interest."

This point of view is evident also in Kennan's highly critical comments on the tendency of American democracy to indulge in unlimited objectives in its foreign policy. In his opinion this tendency has manifested itself in an arrogation of the right to act as judge of other peoples' "domestic institutions and requirements." Another manifestation of this inclination, more important as well as more dangerous, is our national habit, whenever we are compelled to take up arms, of waging war as a total war to be crowned by total victory. In eloquent words Kennan contrasts "the sweeping moral rejection of international violence which bedevils so many Americans in times of peace" and "the helpless abandonment to its compulsions and its inner momentum which characterizes so many of us in times of war." These passages should be read by everyone who wants to understand

the psychological roots of this attitude, and the reasons why we have won both world wars militarily and lost them politically. Kennan's comments on the punitive note we gave to our war efforts in 1917 and 1941 remind one of Vattel's condemnation of the idea and practice of the punitive war of former times.

It testifies to Kennan's unconventional approach to the problems of American diplomacy that the issue of isolationism versus internationalism is not even so much as mentioned in the book. The explanation of this omission is simple. Kennan is looking for, and finding, the weaknesses of American foreign policy in features that are found in the internationalist as well as in the isolationist wing of American democracy.

Kennan implies that he considers the lessons taught by the past mistakes of American diplomacy to be applicable to the cold war raging today between us and the Russians. But the two articles on Russian-American relations after World War II, reprinted in the second part of the book, fail to satisfy the reader's curiosity about the ways in which Kennan would actually apply those lessons to the momentous questions of the cold war. In fact, it has been suggested, and not altogether unjustly, that these two articles are partly inconsistent with the tenor of the six lectures. Be that as it may, we cannot be grateful enough to Kennan for the profound reflections that crowd every page of this small but highly important volume.

ERICH HULA

PAYNE, ROBERT. *Red Storm Over Asia*. New York: Macmillan. 1951. xiii & 309 pp. \$5.

"We need to realize how deep-rooted are the changes which have taken place in Asia in the short period of five years: it is as though centuries of revolution had passed by, as though Magna Carta, the Bill of Rights, the American, French, and Russian revolutions had all taken place on Asiatic soil within a period no longer than the length of the war." This sentence, italicized in the original, gives a good indication of both the theme and the strengths and weaknesses of *Red Storm Over Asia*, which surveys the whole of the Far East with special emphasis on the appeal and spread of Communism.

The strength of the book lies in its detailed, sympathetic, and often vivid account of the chaotic developments of recent years in the East, and its analysis of the major trends, forces, and ideas that have shaped those developments. Its principal weakness, aside from the fact that judgments and prophecies based on such strictly contemporary

material are inevitably shaky, arises from the author's faith in what might be called rational liberalism and the possible triumph thereof in the East if the West acts with speed, tolerance, and wisdom. Of the desirability of such a triumph there can be no doubt, but its probability is regrettably quite a different matter. At least by implication, if all too little by direct statement, Mr. Payne raises the fascinating and fundamental question of the extent to which such vast and inchoate changes as are taking place in eastern and southern Asia can be purposively guided from inside and outside toward rational and moderate conclusions.

To revert to the sentence cited above, it appears indisputable that no people can absorb and assimilate in five years the revolutions of many centuries, and that, furthermore, only small segments of the peoples of Asia have so far been effectively absorbed into the new streams. In the light of the almost infinite uncertainties that such a situation poses, it is almost too much to hope for the "reasonable revolution" which is Mr. Payne's goal and which he finds (perhaps somewhat too optimistically) to have taken place in Indonesia. It is wholly in keeping with his outlook that he should declare that there is a sense in which Sjahrir was the greatest of the great men thrown up by the Asiatic revolution, but the sad fact remains that, at least for present purposes, Sjahrir has been pushed aside. The kind of program that Mr. Payne proposes for the United States and the West as a means of meeting the dynamic appeal of Communism is perhaps the best we can achieve, but we should go into it with our eyes more widely open as to the likelihood that our rationality will be swept away by forces of which both we and the Asiatic peoples can be only dimly conscious at the present time.

Whatever its shortcomings, *Red Storm Over Asia* does well in calling our attention dramatically to the challenge of Asia, and its value is enhanced by a concluding section of biographical notes on Asiatic Communist leaders.

RUPERT EMERSON

*Harvard University*

WIENER, NORBERT. *The Human Use of Human Beings: Cybernetics and Society*. Boston: Houghton Mifflin. 1950. 241 pp. \$3.

Until recent years the owners and makers of American public opinion were, at least verbally, unanimously in favor of scientific progress and the resulting technical development, while European scientists feared the achievements in the gentle art of mass murdering, unem-

ployment, and the repercussions of technical progress on a society unable to digest it.

Similar voices were first raised in the United States when the transformation of matter into energy led to a new terrible weapon. The pessimistic attitude has now been given eloquent expression by Professor Norbert Wiener, a prominent mathematician, engineer, physicist, and statistician. In a small, courageous book full of brilliant ideas he tries to explain to the layman the possible social consequences of recent and forthcoming technical development. This volume is the sequel to his work on *Cybernetics*, the art of steering. It is opposed to those who urge the exploitation of the new techniques for the sake of the machines, and the minimization of the human element. Instead, it tries to put into concrete form the Kantian postulate of man as an end instead of a means: no use of human beings is human unless it requires the full development of personality (*Höchstes Glück der Erdenkinder ist doch die Persönlichkeit*).

Rightly enough, the author starts with the notion of progress. The first chapter gives a well founded criticism of related American "ideals," from Christian Science to Teddy Roosevelt, exalting the exploiter as creator of the riches he has taken and squandered; of the national worship of the gambler; of the diversion of the work on fissionable matter to purely military purposes, and the resulting danger for the possible sources of peacetime energy. In order to show the wealth of this book I need only mention Wiener's very unorthodox approach to philology, his criticism of criminal and patent law, and of medical statistics. Some forthcoming technical developments are announced, such as an apparatus through which the deaf may "hear" vibrations by means of their fingers, and the mechanical reconstruction of the behavior of the moth and the bedbug by a system of positive and negative phototropisms. Some pages even read like an approach to science fiction, such as the chapter on "The Individual as the Word," where the question of how to travel by telegraph is discussed in a seemingly serious way.

But the bulk of the book consists of a study of the relations between man and machine, the aspects in which the machine duplicates man, and those aspects of mankind which appear more clearly by reason of a previous study of the machine. The communicative behavior of man is contrasted to that of the ant, the ideal of the fascist-minded admirers of the machine. This study gives a clear idea of the function of learning, without which no humanity is possible. Three chapters are devoted to language, understood as the communication between

men, between man and machine, and, finally, from machine to machine. Wiener criticizes the role of the high priests of communication, the literary intellectual and the scientist. The present literary and artistic sterility of the United States is traced partly to the fact that the artist has become subservient to the extraneous interests of a narrow controlling group which is opposed to the artist's opinions. "There is no more cogent tool for the rich adventurer of fascist leanings than a great illustrated weekly." Another cause is seen in the bankruptcy of education. The college freshman receives a training which he should have received some five or ten years earlier. The author is strictly opposed to the curious idea that democracy involves an education which is not beyond the capacity of the dullest.

Wiener elaborates on the contradiction between the notion of information, with its property rights, and the devastating influence of military thinking on science. The demand for secrecy is the wish of a sick civilization to ignore its own disease. In reality, each terrifying discovery merely increases the need of making new discoveries which are incompatible with secrecy.

The main thesis of the book is the great dangers that the machine has created and will create for human society. The first industrial revolution eradicated certain crafts. In the second industrial revolution the decision-making machine will replace much of human thinking. The myth of free enterprise will not survive the new machine age. The automatic factory, a two-edged sword, may become the source of leisure and full cultural development or, if we follow the traditional worship of "progress" and the freedom to exploit, it will create an unemployment situation in comparison with which "the depression of the thirties will seem a pleasant joke." The ultimate situation, as outlined by a French Dominican Friar, would be the "state machine." Its thinking power would be infallible—with respect to the questions asked—and the choice of the questions would be up to those who have power over the machine.

The fundamental question of our time is whether this society will develop a humanitarian socialism, or will be totalitarian and perhaps theocratic. It is not Professor Wiener's fault that he gives only alternative directions along which the solution may be found. He is not to be blamed that his answer is not a forecast but a postulate. "If man is going to continue to exist, he must not be an afterthought to business." Those who advocate the mechanization of mankind as an easy way to power reject all moral values within the human race, and even endanger the opportunities for human survival.



The last chapter, entitled "Voices of Rigidity," enters into the political questions arising from the totalitarian tendencies of our time. The Russian state has become a rigid institution closely resembling the Ecclesia Militans, a parallel which is developed in all details (the Jesuit Communist government in Patagonia might have been given as an example). Our present military frame of mind has forced upon us the problem of the countermeasures to an employment of the new weapons by a possible enemy. In reality the great enemy is not the actual Russian government but the reflection of ourselves in a mirage. The measures usually proposed are thought control, inquisition, that is, trial by accusation alone, and the abolition of the liberty we want to defend. The intellectual who dares to stand for unpopular ideas becomes ready prey for the persecution implicit in being different from other people. "Ourselves without faith, we presume to punish heresy." This opinion may be an understatement, since the history of fascism has shown that these inquisitors knew what they were doing.

E. J. GUMBEL

LEWIN, KURT. *Field Theory in Social Science: Selected Theoretical Papers*. Edited by Dorwin Cartwright. New York: Harper. 1951. xx & 346 pp. \$5.

This book is an issue of the Research Center for Group Dynamics of the University of Michigan, and is edited by its director, Dorwin Cartwright. It is the second of the Center's collection from the late Kurt Lewin's *Nachlass*, the first being *Resolving Social Conflicts*, edited by the author's widow, Gertrud Weiss Lewin. Mr. Cartwright's choices have been made with a view to assembling and ordering, from among Lewin's many occasional pieces, those most expressive of his idea of what the social sciences should be and do, and how they should be and do it, if they are to serve in their inquiries as the natural sciences serve in theirs; if, that is, they are to develop such an understanding of the causes of conduct in individuals and groups as to enable scientists to define, to measure, to predict, and to alter events in process. Thus the editor's intent is to present Lewin's philosophy of social science: its basic postulates, its conceptual devices, their uses in analysis, experimentation and measurement, and their value as instruments for integrating various social disciplines—for example, integrating group dynamics and economics by enriching econometrics with sociometrics.

Mr. Cartwright has brought together in this book eleven pieces. The eleventh, in many ways the most important philosophically—it



discusses the structural and functional significance of "whole," "differentiation," and "unity"—Mr. Cartwright has segregated in an appendix. Why, is not clear to me. All were produced by Lewin between 1937 and 1947, during the last decade of his life. Most were done for some particular occasion—a meeting or a conference. While by far the larger number are complete essays or addresses, the editor has rearranged some and constructed others by combining material from two or more briefer papers. By and large he has performed his task with admirable piety and skill. He has successfully put together a diversity of expressions which, in the nature of things, could not fail to be redundant, as nevertheless a compact, coherent, systematic explication of a new way of thinking about human beings and their relations, of new devices for studying them, and of new words and new phrases for the ideas and the devices.

The traditional names for such ways and devices would be "psychology," "social psychology," "sociology," "economics," "politics." Lewin's name for them, perhaps not uninfluenced by Herbert Spencer's "social statics," is "group dynamics." Broadly speaking, group dynamics might be defined as a sort of rheology of the mind. The ultimate postulates are change and movement, regarded as a somehow patterned interaction of different activities. Patterning constitutes and defines a group, which is perceived as a "quasi-stationary" form of mobility, even as a flowing river is perceived as a quasi-stationary form of mobility. A group is one kind of "field."

The idea of field is, of course, brought over from physics to psychology. It is a construct which mobilizes and modifies concepts employed in one area of scientific investigation for the uses of another, conventionally incommensurable, area. It calls for the employment of topology (one of Lewin's books is entitled *Principles of Topological Psychology*), with such terms as "life space," "phase space," "group atmosphere," "vector" to replace the traditional vocabulary of the psychological disciplines, and to put old observations in new perspectives. Ultimately it works from a postulate of internal relations. This, for example, renders personality and its processes—such as needs, goals, perceptions, conflicts, frustrations, aggressions, learnings—functions of the structure of the whole of which it is a part.

The postulate of internal relations, indeed, is a way of accounting for the dynamic of whole and part. Field theory, for psychology or for other social sciences, envisages parts as being so determined by their wholes as to undergo transformation or liquidation by changes

of relation within the whole. Internal relations are generative and sustaining. The fields of their operation are "gestalts," endowed with organism-like properties. They evince, hence, a certain instancy; their past, if dynamic, does not operate as past, but as a present force. All their observable behavior may be referred to a configuration of causes-in-act which the investigator can formulate as a sort of hodo-logical coordination of tensions and forces. He may represent the coordination by graphs and express them by equations, of the type Lewin invented and his followers keep elaborating and refining. Together with his new words, these graphs and equations have become the signature of "group dynamics."

Methodologists may explore whether field theory is a working hypothesis making possible reliable induction in the social sciences, or whether it is another of those leading conceptions which confirm themselves by using means and methods that can result only in confirming observations. The record is that during almost a score of years of analysis, experimentation, and mensuration by representatives of many interests in many fields—from food habits to race prejudices—results accepted as reliable have accumulated. Group dynamics has become a practically autonomous and widely contagious discipline, with influence on many social sciences. Thinking about human relations, alike in the family, in the factory, or where else you will, has received a new and more than usually fruitful turn. Lewin, indeed, may be by way of supplementing, if not replacing, Freud as a seminal influence on the social sciences. I will not say that this book, alone, will justify this forecast. But I am quite sure that no one can well understand what is happening in the doctrine and discipline of the social sciences without it.

H. M. KALLEN

BOBER, M. M. *Karl Marx's Interpretation of History*. Cambridge: Harvard University Press. 1950. x & 445 pp. \$6.

This second printing of the second edition (the first edition appeared in 1927) is a thorough study of the writings of Marx and Engels, and a most useful exposition and critical discussion of the materialistic theory of history. Its only limitation, though an important one, is that it does not deal with Marx's early philosophical writings, those prior to 1847. Accordingly, the decisive influence of Hegel's philosophy of history and society on the formation of Marx's thought is neglected.

The second edition is a complete revision of the first. Over two-

thirds of the former book has been rewritten and related to newer theories in economics. The essential doctrines of *Capital*, of *The Poverty of Philosophy*, of *Revolution and Counter-Revolution*, of *The Communist Manifesto*, and of other writings are carefully investigated and lucidly presented. In four main parts the book deals with the material basis of history, the human element in history, the ideological element in history, and the trend of history, this last part containing critical observations on Marx's theory of the economic substructure. The most forceful criticism of Marx's contention that science, philosophy, political ideas, literature, and art are correlated with the economic order, which serves as their incubator, is Mr. Bober's observation that historical experience simply fails to substantiate such a correlation. "Readers of Plato and Aristotle, of Euripides and Sophocles, fail to see in their works the unique fruits of a slave economy," whereas, according to Marx's thesis, the intellectual and artistic productions of ancient Greece should be as irrelevant to our modern society as Greek slavery is foreign to industrial modes of production.

The scientific ideal of the author and his standard of criticism is "to abandon simplifying preconceptions and to approach historical data with a general hypothesis that many factors are involved, and that only careful exploration will disclose their unique interplay in each instance." In other words, he renounces any attempt at a philosophical theory of history, materialistic or otherwise. Thus he concludes one of his critical discussions by saying that Marx's whole scheme of past and future society is born of "a priori reasoning and wishful thinking," instead of deriving from a scholarly exploration of history. Only in one passage (p. 321) does the author become aware of the crucial difficulty of examining historical phenomena from a "scientific," that is, a natural scientist's, viewpoint, and of altogether excluding so-called a priori reasoning and preconceptions from reasoning. He discovers that the historian, whether Marxist or not, moves necessarily in a circle, because the "facts" against which theory is to be "tested" are themselves perceived and conceived in the light of the theory; hence the same social phenomena of history will receive different accounts at the hands of Buckle, Durkheim, Marx, Pareto, Spengler, Toynbee. If followed to its logical end this insight would lead, however, to a fundamental revision of the structure of historical understanding. Scientific history cannot solve its own problems unless it enters into the problems of a philosophy of history.

KARL LÖWITH

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